

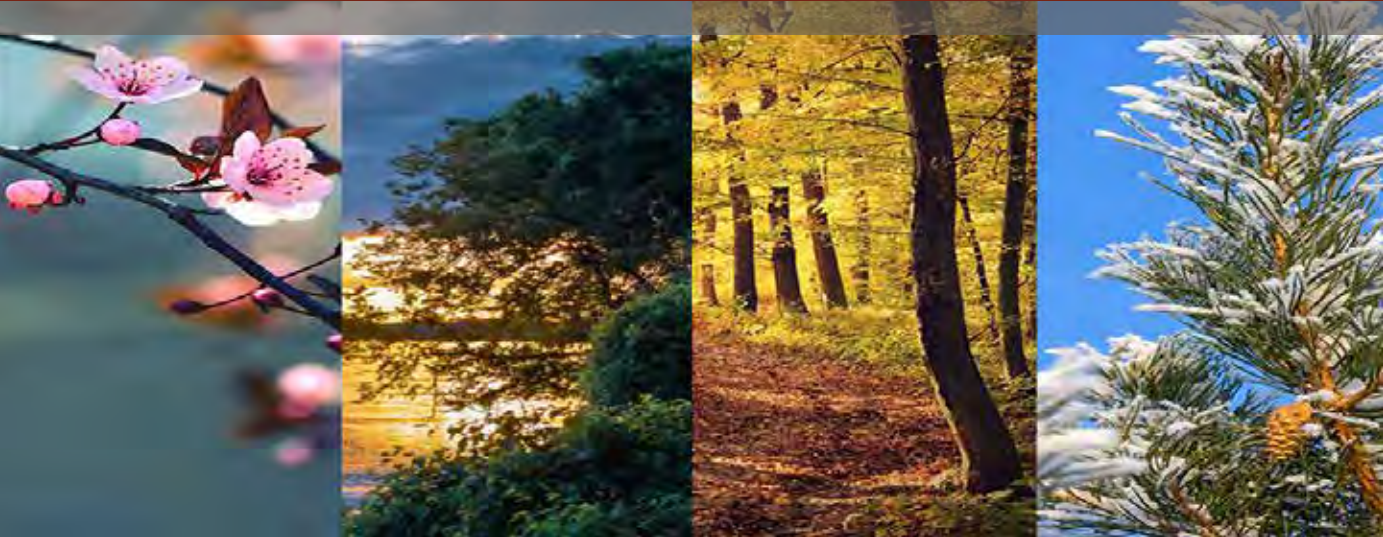
**2021**

FISCAL YEAR ENDED JUNE 30, 2021



# Missouri Consolidated Health Care Plan

A COMPONENT UNIT OF THE STATE OF MISSOURI  
2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT



# ANNUAL REPORT

**Missouri Consolidated Health Care Plan**

[www.mchcp.org](http://www.mchcp.org)

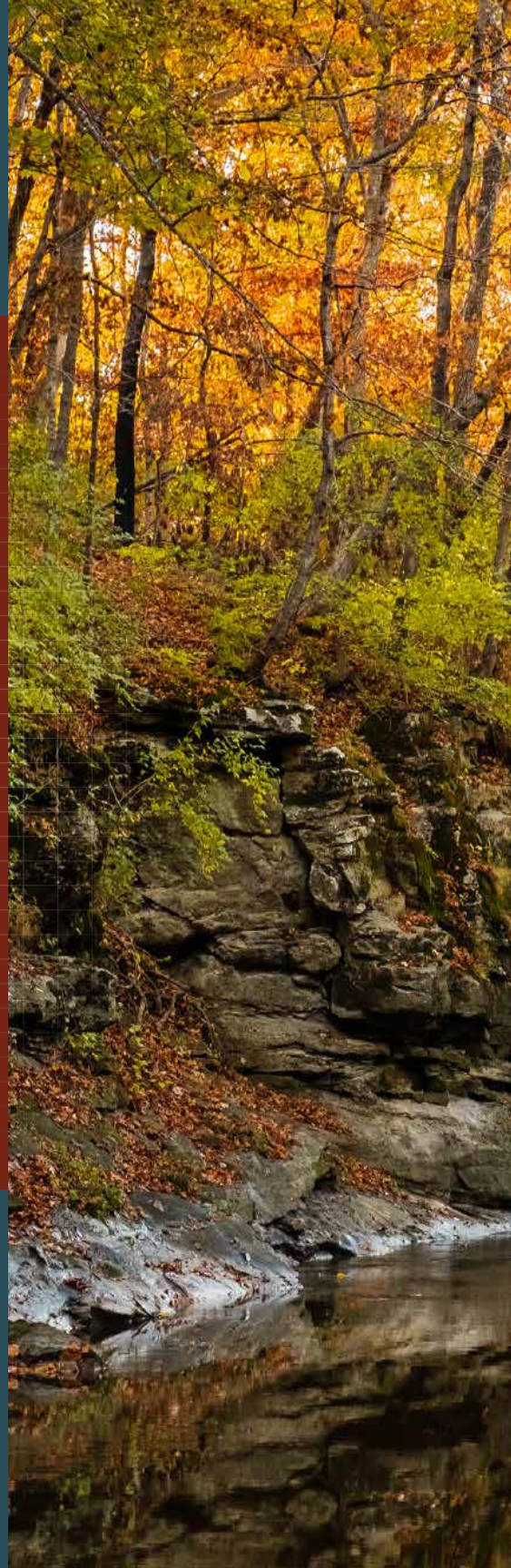
800-701-8881

832 Weathered Rock Ct.

PO Box 104355

Jefferson City, MO 65110

Report prepared by the staff of the  
Missouri Consolidated Health Care Plan.







# 2021 ANNUAL REPORT



Missouri Consolidated Health Care Plan  
A Component Unit of the State of Missouri  
2021 Annual Comprehensive Financial Report  
Fiscal Year Ended June 30, 2021

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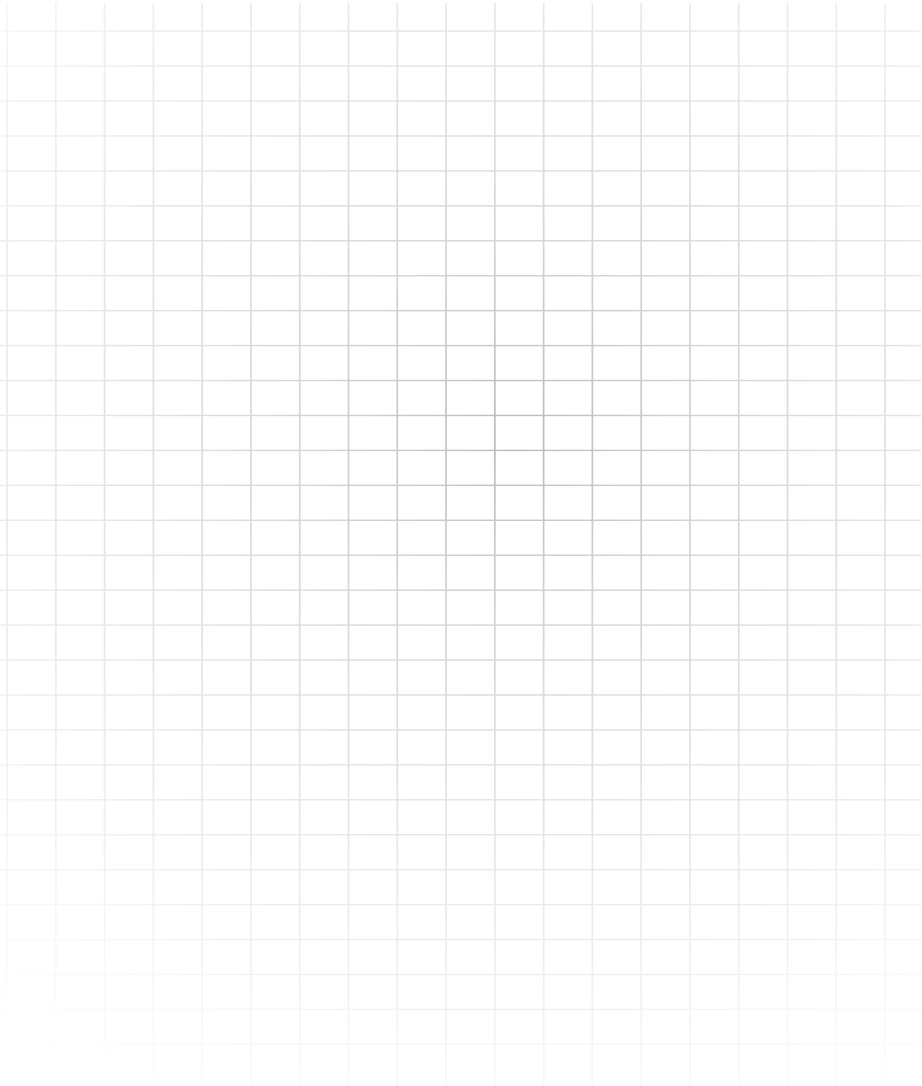
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# Introduction



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## Letter from the Executive Director



It is with great pleasure that I submit the Annual Comprehensive Financial Report (ACFR) of the Missouri Consolidated Health Care Plan (MCHCP) for the period ended June 30, 2021. MCHCP is a component unit of the state of Missouri for financial reporting purposes and, as such, the financial reports are also included in the state of Missouri's ACFR. The financial information presented in this report is the responsibility of management of MCHCP and sufficient internal accounting controls exist to provide a reasonable assurance regarding safekeeping of assets and fair presentation of the financial statements, supporting schedules and statistical tables. Systems and procedures are evaluated in conjunction with the Board of Trustees, MCHCP management and internal audit staff to assure internal controls exist and are functioning to promote objectives while minimizing risk. Reasonable assurance recognizes that the cost of a control should not exceed the benefits to be derived; the objective is to provide reasonable, rather than absolute assurance, and that the financial statements are free of material misstatements. The report is also designed to comply with the provisions of section 103.025 of the Revised Statutes of Missouri. Financial information can be found in the management discussion and analysis, financial statements, notes to the financial statements and statistical sections included in this report.

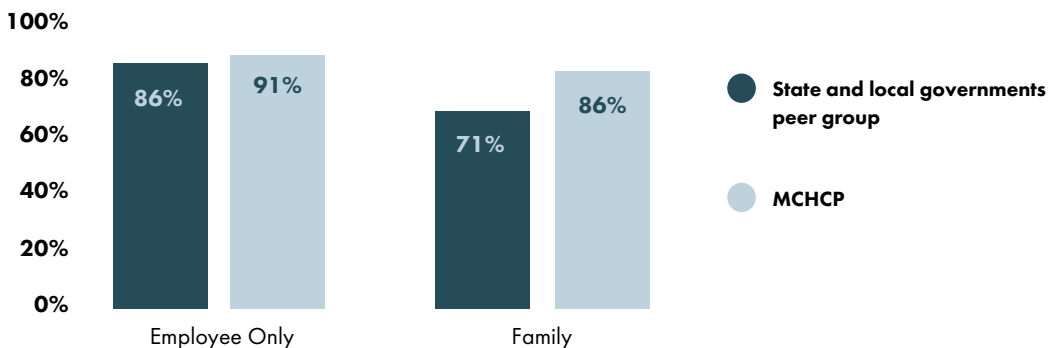
Fiscal year (FY) 2021 offered a second year of challenges and opportunities as MCHCP continued its efficiency and effectiveness efforts that included remote technology, innovative web tools, and educational videos structured to communicate during the global pandemic. Virtual doctor and mental health visits without a member cost-share encouraged members to stay connected to their providers in the comfort of their homes. Virtual visits totaled 33,971 in plan year 2020 and, in 2021 through November, visits totaled 21,909. The opportunity for virtual office visits, even with the re-opening of traditional provider settings, is of continuing interest to the membership. While MCHCP saw a three percent overall increase in medical claim expenditures, the largest contributor is found in increased pharmacy costs at more than eight percent over the previous fiscal period. Throughout these challenging times, MCHCP has remained dedicated to providing health care coverage that is both affordable and comprehensive.

During the fiscal year ended June 30, 2021, the state of Missouri contributed more than \$511 million (more than 68 percent of Plan revenues) in the form of employer-sponsored contributions which included over \$19 million in funding for COVID-19 related claims costs. Member contributions for our state members exceeded \$117 million while revenues for public enrollment approached \$8.2 million. The Plan's investment strategies employed best practices for safety of investment, liquidity and yield, and incorporated objectives of attaining return through budgetary and economic cycles while considering risk and the liquidity needs of the Plan. The portfolio generated a strong return of 14.4 percent for FY 2021. Additional investment information can be found in the investment section of this report. The ability to maintain the financial strength of the Plan is incumbent on contributions from the State and members, strong vendor partnerships and improving the health risk profiles of our membership.

Looking forward to FY 2022, with the passage of House Bill No. 5, the General Assembly and Governor authorized a \$507 million appropriation that fully funded the Board of Trustee's FY 2022 request and provided additional funding to recognize COVID-19 claims costs. The Truly Agreed To and Finally Passed bill maintained the State's financial contribution percentage to the Plan.

For our active employees and non-Medicare retirees, a Health Savings Account (HSA) plan and two preferred provider organization (PPO) plans were offered during FY 2021. In addition, for our Medicare retiree members, MCHCP offered a fully insured group Medicare Advantage (PPO) plan along with a self-insured Employer Group Waiver Medicare Prescription Drug plan.

## MCHCP Share of Premium - 2021



### SOURCES:

U.S. Bureau of Labor Statistics. (2021). *Employee Benefits in the United States, Table 3. Medical plans: Share of premiums paid by employer and employee for single coverage, March 2021*. National Compensation Survey. Retrieved August 15, 2021, from: <https://www.bls.gov/news.release/ebs2.t03.htm>.

U.S. Bureau of Labor Statistics. (2021). *Employee Benefits in the United States, Table 4. Medical plans: Share of premiums paid by employer and employee for family coverage, March 2021*. National Compensation Survey. Retrieved August 15, 2021, from: <https://www.bls.gov/news.release/ebs2.t04.htm>.



As the chart presents, even in challenging economic times, MCHCP's share of premium remains higher than comparators from state and local government peer groups for both employee and family coverages. In addition, the Plan did not increase the members, share of premiums in either 2020 or 2021, recognizing the cost pressures members face with meeting their own financial obligations.

This report is a product of the combined efforts of the MCHCP staff and the Board of Trustees. It is intended to provide reliable information as a basis for making management decisions, for determining compliance with legal provisions and for evaluating the condition of the fund. Armanino LLP, conducted an independent audit of the basic financial statements in accordance with U.S. generally accepted auditing standards. MCHCP has received an unmodified opinion from our independent auditors whose report can be found on pages 24-25.

For the twenty-sixth year in a row, MCHCP was pleased to receive the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its ACFR for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To qualify, a government unit must publish a report conforming to all GFOA standards. MCHCP will continue to strive for such recognition with its submission of our current report for consideration to GFOA.

This annual report is provided to the Governor, the State Auditor, members of the General Assembly, all state agencies and all participating public entities, and is viewable at [www.mchcp.org](http://www.mchcp.org). The cooperation and support of these individuals and agencies help contribute to our success. Also, for the Board of Trustees, I extend my gratitude to the staff who work diligently to provide the quality member service you have come to expect from MCHCP.

We look forward to the upcoming 2022 year with renewed hope for the health of the world and for our members. I welcome your suggestions for the continued success and improvement of your health plan, MCHCP.

Yours in health,



**Judith Muck**  
**Executive Director**  
December 7, 2021

# Certificate of Achievement



Government Finance Officers Association

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Missouri Consolidated Health Care Plan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

A handwritten signature in black ink that reads "Christopher P. Morrell". The signature is written in a cursive style with a large, stylized 'C' and 'M'.

Executive Director/CEO

# MCHCP Organization



**Judith Muck**  
Executive Director

Vendor  
Relations



**Jennifer Stilabower**  
General Counsel and  
Deputy Director

Legal

Clinical  
Services

Benefit  
Administration



**Bradley P. Kifer**  
Chief Information  
Officer

Information  
Technology



**Stacia G. Fischer**  
Chief Financial  
Officer

Finance

Research

Internal  
Audit

Human  
Resources

Facility  
Operations

Multimedia  
Communications

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## Letter from the Vice Chairperson



It is my distinct pleasure to present to you, on behalf of the Board of Trustees, the Annual Comprehensive Financial Report for the Missouri Consolidated Health Care Plan (MCHCP) for the period ended June 30, 2021.

Fiscal year 2021 featured many challenges and opportunities for resiliency as MCHCP turned to many innovative ways to serve our members during the global pandemic. Communication efforts have never been more important as we looked to meet the educational and benefit needs of our members using remote technologies, website functionality and virtual education to enhance and maintain member engagement. During the fiscal year ended, June 30, 2021, unique visitors to our website increased nearly 10 percent over the previous fiscal period. As our communication efforts have focused on digitally transforming communication, we applaud and encourage our members' continued partnership with these efforts.

The Board of Trustees, supported by the Plan's management, has designed, and implemented internal and accounting controls in providing reasonable assurances of the financial records and safekeeping of Plan assets while incorporating financial transparency to those interested in the results of operations. During fiscal year 2021, the Plan received more than \$511 million in state appropriations toward the maintenance of the state's share of employee and retiree health care benefits. State members contributed over \$117 million toward their share of premium and return on investment totaled more than \$18.6 million.

MCHCP expenditures for self-funded medical and pharmacy benefits, a fully insured Group Medicare Advantage (PPO) plan and fully insured dental and vision benefits during fiscal year 2021 were approximately \$589.3 million. Our work remains focused on the health of our population, as during fiscal year 2021, 3.1 percent of our membership presented as a high-cost claimant, defined as those with expenses over \$50,000, accounting for almost 47 percent of total medical health care costs. We understand the challenges associated with maintaining a healthy work and life balance and remain committed to assisting our members through strategies structured around healthy lifestyles, weight management, tobacco cessation and access to care.

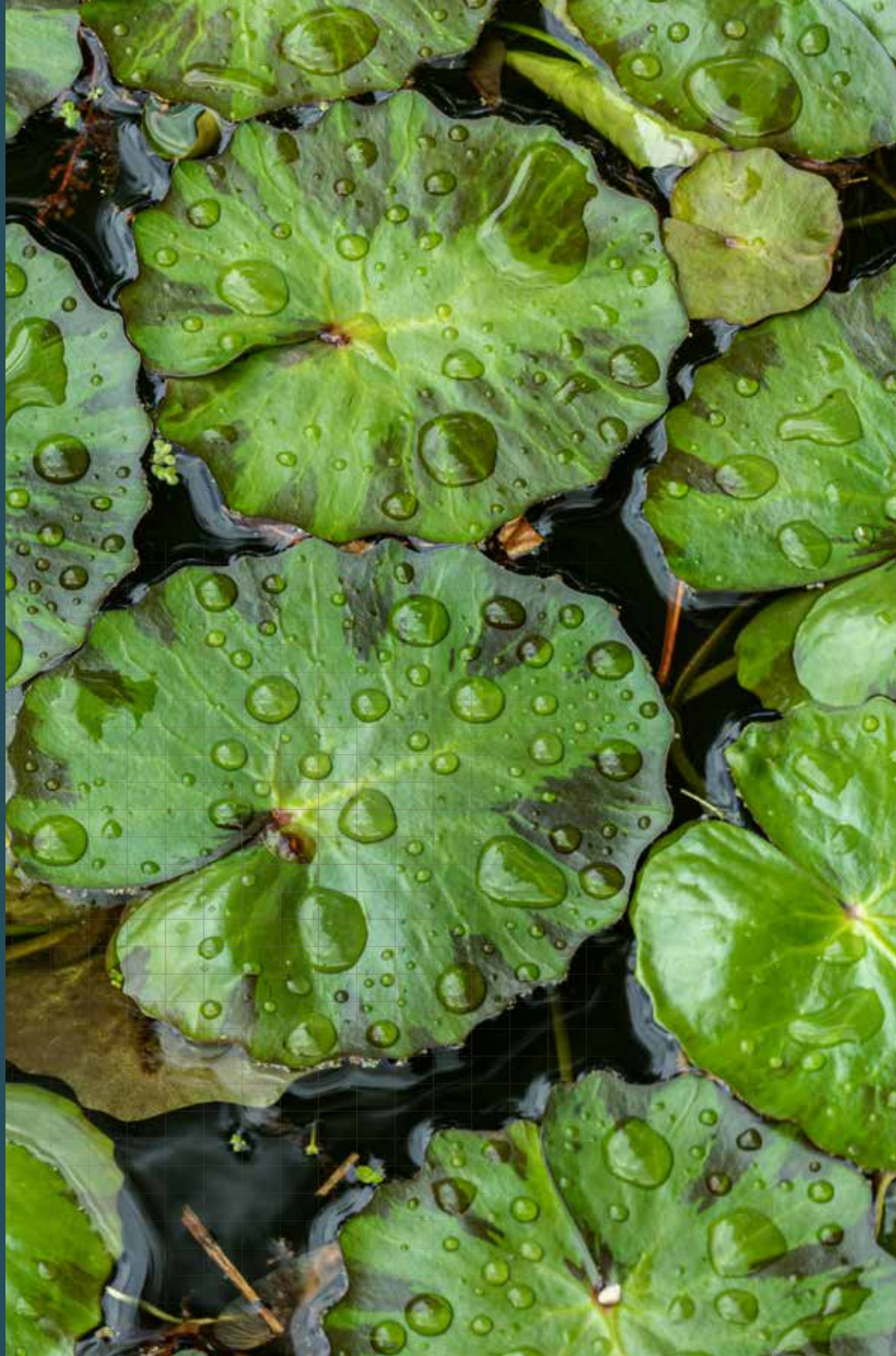
On behalf of the Board of Trustees, we value and appreciate the approximately 89,000 state and public members we served and the dedicated MCHCP staff, advisors and vendors who have worked diligently in the administration of the Plan over this year. We move to the new year with renewed vigor to continue our work of providing affordable and comprehensive health coverage to our membership

Respectfully,

A handwritten signature in black ink, appearing to read "D. O'Neill", with a long horizontal flourish extending to the right.

**Daniel O'Neill**  
**Vice Chairperson**  
**Board of Trustees**  
December 7, 2021





# Professional Services

## **ACTUARIAL SERVICES & CONSULTING**

Willis Towers Watson

## **AUDIT SERVICES**

Armanino LLP

Pillar Rx

PBMares LLP

## **BANKING - HEALTH SAVINGS ACCOUNT (HSA)**

Central Bank

## **DECISION SUPPORT SYSTEM**

IBM Watson Health

## **DENTAL PROGRAM**

MetLife

## **ELECTRONIC - BASED WEIGHT MANAGEMENT SOLUTION**

Naturally Slim

## **EMPLOYEE ASSISTANCE PROGRAM**

ComPsych

## **GROUP MEDICARE ADVANTAGE (PPO) PLAN**

UnitedHealthcare

## **HEALTH CENTER**

Cerner

## **MEDICAL THIRD PARTY ADMINISTRATOR**

Anthem

## **PHARMACY BENEFIT MANAGER**

Express Scripts, Inc.

## **VISION PROGRAM**

National Vision Administrators

# Board of Trustees



## **Chairperson**

**Sarah H. Steelman**

Commissioner  
Office of Administration  
Jefferson City  
Ex Officio Member



## **Vice Chairperson**

**Daniel O'Neill**

Kirkwood  
Governor-Appointed  
Member



## **Honorable Eric Burlison**

Missouri Senate  
District 020  
Appointed by the  
President Pro Tem of  
the Senate



## **Honorable Aaron Griesheimer**

Missouri House of  
Representatives  
District 061  
Appointed by the  
Speaker of the House  
of Representatives



## **Robert J. Knodell**

Acting Director  
Department of Health  
and Senior Services  
Jefferson City  
Ex Officio Member



## **Mark A. Langworthy**

Columbia  
Governor-Appointed  
Member



**Ashton Christopher**  
Chillicothe  
Active Employee-Elected  
Member



**Marty Drewel**  
Holts Summit  
Retiree-Elected  
Member



**Cameron Fast**  
Hamilton  
Active Employee-Elected  
Member



**Chlora Lindley-Myers**  
Director  
Department of Commerce  
& Insurance  
Jefferson City  
Ex Officio Member



**Honorable John Rizzo**  
Missouri Senate  
District 011  
Appointed by the  
President Pro Tem of  
the Senate



**Honorable Martha Stevens**  
Missouri House of  
Representatives  
District 046  
Appointed by the  
Speaker of the House  
of Representatives

One Governor-Appointed  
Member was open as of June  
30, 2021.



# Summary of Plan Provisions

## VISION

To be recognized and valued by our members as their advocate in providing affordable, accessible, quality health care options.

## PURPOSE

Established Jan. 1, 1994, the Missouri Consolidated Health Care Plan (MCHCP) or the Plan was created to provide health care benefits to most state employees, retirees and their dependents, and public entities within the state that join the Plan.

## MISSION

To provide access to quality and affordable health insurance to state and local government employees. We will accomplish this by:

- Consolidating purchasing power and administration to achieve benefits not available to individual employer members
- Creating collaborations to ensure the needs of individual members are understood and met
- Ensuring fiscal responsibility
- Developing innovative delivery options and incentives
- Identifying and contracting with high-value plans
- Maintaining a high-quality and knowledgeable work force

## ADMINISTRATION

MCHCP administers medical, dental and vision benefits and the Strive Employee Life & Family (SELF) program for most members of the Missouri State Employees' Retirement System, Judicial Retirement Plan, some members of the Public School Retirement System, legislators, statewide elected officials and eligible

public entity members. In addition, dental and vision benefits are available to employees and retirees of the Departments of Conservation and Transportation, and the Missouri State Highway Patrol. SELF program benefits are available to active employees eligible for MCHCP medical coverage and members of their household.

Missouri statutes provide that the administration of MCHCP be vested in a 13-member Board of Trustees. The Board is composed of:

- The Director of the Department of Health and Senior Services, serving ex officio
- The Director of the Department of Insurance, Financial Institutions and Professional Registration, serving ex officio
- The Commissioner of the state Office of Administration, serving ex officio
- Two members of the Senate, appointed by the President Pro Tem of the Senate
- Two members of the House of Representatives, appointed by the Speaker of the House of Representatives
- Three members appointed by the Governor with the advice and consent of the Senate (All three members appointed by the Governor shall be citizens of the state of Missouri who are not members of the Plan, but who are familiar with medical issues.)
- Two members of the system who are current employees, elected by a plurality vote of members of the system who are also current employees
- One member of the system who is a retiree, elected by a plurality vote of retired members of the system.

The management of MCHCP is the responsibility of the Executive Director, who is appointed by the Board of Trustees and serves at its pleasure.



The Executive Director acts as advisor to the Board on all matters pertaining to MCHCP and, with the approval of the Board, contracts for professional services and employs the staff needed to operate the organization. Information regarding investment advisory services and fees can be found on page 85 of the Investment section.

## **MEDICAL PLANS**

MCHCP offers three self-insured medical plans - the Health Savings Account (HSA) Plan, and two Preferred Provider Organization (PPO) plans - the PPO 1250 and the PPO 750. All three of the self-insured medical plans offer the same benefits, such as:

- 100% coverage of preventive care - such as preventive exams, vaccinations, age-specific screenings and much more - when using a network provider.
- Choice of health care providers, pharmacies and hospitals from a nationwide network, usually at a lower cost.

MCHCP offers a group Medicare Advantage (PPO) plan to its Medicare primary members. This plan has all the benefits of Medicare Part A (hospital coverage) and Medicare Part B (doctor and outpatient care) plus extra programs that go beyond original Medicare.

### **HEALTH SAVINGS ACCOUNT (HSA) PLAN**

The Health Savings Account (HSA) Plan is a qualified high-deductible plan that gives non-Medicare primary members access to network providers at a lower cost. MCHCP's HSA Plan has a lower or no-cost premium with a higher deductible, when compared to other MCHCP medical plans.

The Internal Revenue Service establishes maximum annual HSA contribution amounts, but there is no limit on the balance of the HSA. MCHCP contributes funds to active employee's HSAs on an annual basis. HSA funds can be used for qualified medical expenses.

### **PREFERRED PROVIDER ORGANIZATION (PPO) PLANS**

MCHCP's PPO plans give MCHCP members access to network providers at a lower cost. The PPO 1250 Plan has a moderately-priced premium and the PPO 750 Plan has the highest premium, when compared to other MCHCP medical plans.

The PPO plans have network benefits that require a deductible be met before claims are paid at 80%. Non-network benefits have higher out-of-pocket expenses.

#### **Group Medicare-Advantage (PPO)**

The Group Medicare-Advantage plan covers preventative services with no cost sharing. Most other services have copayments. A few services have a deductible and coinsurance. The plan has an annual out-of-pocket maximum of \$2,500. They can see any provider (network or non-network) at the same cost share, as long as the provider accepts the plan and has not opted out of Medicare. In addition to the medical services, members have access to special programs like SilverSneakers®. SilverSneakers® includes access to exercise equipment, classes and more at 14,000+ fitness locations.

## **PRESCRIPTION DRUG PLANS**

MCHCP medical plan members are automatically enrolled in the prescription drug plan (PDP). Medicare primary members are enrolled in a Medicare Part D PDP. Both non-Medicare and Medicare primary PDPs use a broad network of retail pharmacies and one specialty pharmacy. The drug formulary covers a wide array of drugs and promotes the use of generics.

## **DENTAL PLAN**

The dental plan offers comprehensive dental benefits through a nationwide network of participating providers. Preventive care, such as examinations and cleanings, is covered at 100 percent and does not count toward the plan year maximum benefit amount. Additional cleanings are provided for members who are pregnant, diabetic, have a suppressed immune system or have a history of periodontal therapy. The plan also covers fillings, extractions, root canals, bridges, dentures, crowns, the treatment of gum disease and other services with varying deductibles and coinsurance.

## **VISION PLAN**

The vision plan offers vision benefits through a nationwide network of participating providers. Basic and premium plans are offered with set copayments for services received from network providers and allowances for services obtained from non-network providers. The plan covers examinations, lenses, frames, contact lenses and corrective laser surgery. Members can receive discounts on additional glasses and sunglasses from any provider accepting those discounts, within 12 months of an eye exam.

## **STRIVE EMPLOYEE LIFE & FAMILY PROGRAM (SELF)**

The Strive Employee Life & Family (SELF) program through Compsych, is a confidential counseling and referral service that can help employees and their families reduce stress, improve health and enhance life balance. SELF program services are available at no cost to all state employees eligible for MCHCP medical coverage and members of their households. Eligible employees and members of their household can keep using SELF services for 18 months following retirement and through the month after they are laid off. Household members can also use the SELF program for six months after a subscriber's death.

The program offers behavioral health counseling services, legal and financial services, and identity theft and fraud resolution services. The SELF program also offers everyday support through FamilySource® to assist with every day issues such as child and elder care, moving and relocation, making major purchases, vacation planning and much more simply by calling or accessing expert help online.

## ***STRIVE FOR WELLNESS*® PROGRAM**

The *Strive for Wellness*® program provides evidence-based initiatives and resources designed to help members better understand and manage their health.

Major strategies focus on empowering members to proactively receive preventive health screenings, manage chronic conditions, and to lead overall healthier lives. *Strive for Wellness*® offers premium reductions for eligible members who participate in the Partnership and Tobacco-Free Incentives.

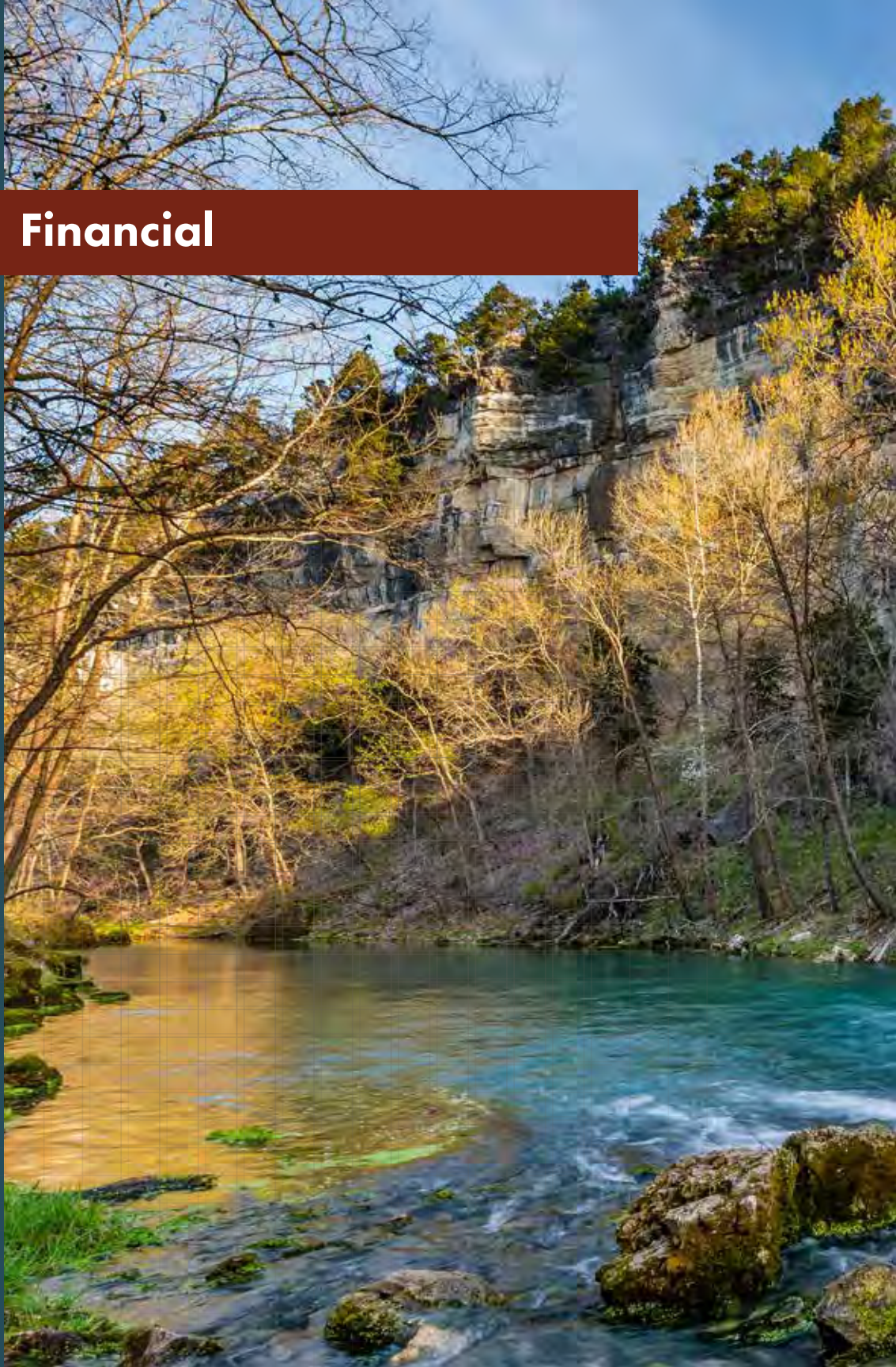
In addition, the *Strive for Wellness*® team - comprised of expert clinicians and health educators - teaches employees how to make healthy lifestyle choices. The team creates health education videos and leads health-education events and related activities, such as blood pressure screenings and an annual state employee 5K Run/Walk. Registered dietitians teach on-site weight management courses several times each year and registered nurses lead quit tobacco courses in state office buildings.

In an effort to broaden wellness opportunities to all state employees, particularly in regions located outside the capitol complex, Ambassadors and building wellness teams were created. These individuals and groups help organize on-site activities and services, reaching more employees where they work.

## ***STRIVE FOR WELLNESS*® HEALTH CENTER**

The *Strive for Wellness*® Health Center brings basic health care to active state employee subscribers enrolled in an MCHCP medical plan. The Center offers routine care for common illnesses, basic preventive care, and behavioral health counseling services, at hours designed to fit into a hectic workday. It is conveniently located in Jefferson City's Harry S Truman Building.

# Financial









# Report of Independent Auditors

Armanino <sup>LLP</sup>  
6 CityPlace Drive  
Suite 900  
St. Louis, MO 63141-7194  
314-983-1200 main  
armaninoLLP.com



## Independent Auditor's Report

Board of Trustees  
Missouri Consolidated Health Care Plan  
Jefferson City, Missouri

### Report on the Financial Statements

We have audited the accompanying financial statements of each of the two major funds (Internal Service Fund and State Retiree Welfare Benefit Trust) of Missouri Consolidated Health Care Plan (the "Plan") as of and for the fiscal year ended June 30, 2021, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Report of Independent Auditors

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of the Plan as of June 30, 2021, and the respective changes in financial position cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

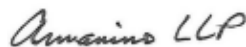
## **Other Matters**

### **Required Supplemental Information**

U.S generally accepted accounting principles require management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with generally accepted auditing standards in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Introductory and Statistical Sections**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Armanino<sup>LLP</sup>  
St. Louis, Missouri

December 7, 2021

# Management's Discussion & Analysis

Management's Discussion and Analysis provides an overview of the financial position and activities of the Missouri Consolidated Health Care Plan (MCHCP) for the fiscal years ended June 30, 2021 and 2020. The information presented here should be considered in conjunction with the financial statements and notes. MCHCP is a component unit of the State of Missouri and is included in the State's Annual Comprehensive Financial Report (ACFR).

MCHCP's financial statements are prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

## FUND ACCOUNTING

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. MCHCP, like other discretely presented component units of the State of Missouri (as defined by GASB Statement #14), uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are three categories available for governmental accounting: governmental funds, proprietary funds and fiduciary funds. The ISF is considered to be a proprietary fund while SRWBT is classified as a fiduciary fund. MCHCP does not have any governmental funds.

*Proprietary funds.* Proprietary funds account for governmental operations that are designed to be self-supporting from fees charged to consumers for the provision of those goods and services or where the government has decided that the periodic determination of revenues, expenses, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The accounting and financial reporting practices of proprietary funds are similar to those used for business enterprises and focus on capital maintenance and the flow of economic resources through the use of accrual accounting. Of the two types of proprietary funds, MCHCP maintains one type: internal service fund. Internal service funds account for the financing of goods or services provided by one governmental department or agency to another and are expected to be self-supporting through charges to users. MCHCP's purpose is to provide medical insurance benefits to the State of Missouri's and other participating Missouri public entities' employees, retirees, and their dependents.

*Fiduciary funds.* Fiduciary funds account for assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the government's own programs. Fiduciary fund accounting is similar to that used for proprietary funds. The purpose of the SRWBT is to provide health and welfare benefits for the exclusive benefit of current and retired employees of the State and their dependents who meet eligibility requirements, except for those retired members covered by other post-employment benefit (OPEB) plans of the State.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements. Typically, governmental financial statements would be presented as three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. However, because the Plan has only proprietary and fiduciary funds, government-wide financial statements are not presented. Proprietary funds present financial statement information in the same manner as government-wide financial statements only with more detail, and government-wide financial statements would be repetitive. In addition, fiduciary funds are not reflected in government-wide financial statements because the resources of that fund are not available to support MCHCP's own programs.

MCHCP presents the ISF and SRWBT on separate fund financial statements. For the ISF, the basic financial statements are comprised of the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. For SRWBT, the basic financial statements are comprised of the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. The Notes to the Financial Statements are also part of the basic financial statements and apply to both the ISF and SRWBT. The financial statements are prepared on the accrual basis in accordance with U.S. generally accepted accounting principles applicable to governmental benefit plans.

The Statement of Net Position and Statement of Fiduciary Net Position present MCHCP's financial position as of the end of the fiscal year for each fund. Information is displayed as assets and liabilities, with the difference between the two reported as net position or deficit. The net position of MCHCP reflect the resources available as of the end of the fiscal year to pay benefits to members when due. Over time, increases and decreases in net position measure whether MCHCP's financial position is improving or deteriorating.

The Statement of Revenues, Expenses and Change in Net Position and the Statement of Changes in Fiduciary Net Position present information detailing the revenues and expenses that resulted in the change in net position that occurred during the current fiscal year. All revenues and expenses are reported on an accrual basis. This means that the revenue or expense is recognized as soon as the underlying event giving rise to the change occurs, regardless of when the actual cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods. For example, contributions due from a public entity, even though not yet paid by year end, will be reflected as revenue. Likewise, claims that occurred during the fiscal year under self-funded plans will be reflected as an expense, whether or not they have been paid as of the end of the fiscal year.

The Statement of Cash Flows presents the cash inflows and outflows of the ISF categorized by operating, capital and related financing, and investing activities. It reconciles the beginning and end of year cash balances contained in the Statement of Net Position. The effects of accrual accounting are adjusted out and noncash activities, such as depreciation, are removed to supplement the presentation in the Statement of Revenue, Expenses and Change in Net Position. A statement of cash flows is not required for the SRWBT.

The Notes to Financial Statements follow the above basic financial statements and provide additional information that is essential to a full understanding of the data provided in the financial statements.

## FINANCIAL ANALYSIS

The following tables present summarized financial position and results for the fiscal years ending June 30, 2021 and 2020. Additional details are available in the accompanying basic financial statements.

### Summary Comparative Statements of Net Position

Current assets for the ISF increased significantly for the year ended June 30, 2021 due to increases in cash and cash equivalents as a result of the economic impact of the global pandemic on health care operations during the fiscal year. Capital asset activity reflects primarily purchases in technology and data protection necessary to continue high availability for offsite network storage and resiliency. Since the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Plan has recognized deferred outflows of resources for pension contributions made and expensed of \$1,382,439 and \$1,680,300, respectively for the periods ended June 30, 2021 and 2020.

Accrued medical claims and fees increased for the ISF for the year ended June 30, 2021 over 2020. Overall, claims costs and actuarially projected incurred but not reported claims costs are influenced by health risk profiles of plan participants for the period and estimates are reflective of the active enrollment, claims payment patterns, and medical trend projections during the year.

Unearned premiums and other liabilities for the periods ended June 30, 2021 and 2020 are primarily influenced by the State's contribution at June 30th for each of the years ended and the level of contribution applicable to each receipt. For the ISF unearned premiums and other liabilities at June 30, 2021, increased over fiscal year 2020, due primarily to an increase in the amount due to the SRWBT from the ISF and the State's contribution at June 30, 2021 and the respective levels of appropriated funding from the State included with these receipts. Unearned premiums and other liabilities are most significantly influenced by amounts due from the ISF to the SRWBT and the state's payroll cycle and the amount, timing, and enrollment mix of receipt of premium payments to MCHCP prior to the effective date of coverage.

Noncurrent liabilities existing at June 30, 2021 and 2020 reflect the Plan's net pension liability related to GASB 68, *Accounting and Financial Reporting for Pensions*.

Net position represents the value of the ISF's assets after liabilities are deducted. The improvement in net position for the ISF at June 30, 2021 over 2020, is primarily the result of actual increases in medical and pharmacy expenses being less than actuarially projected for the period and their impact on plan assets and liabilities due to the global pandemic. The MCHCP Board of Trustees continues to assess the best and appropriate combination of benefit design with available funding from both the State and members. Ultimately, claims costs for state employees are backed by the state of Missouri should contributions not be sufficient to cover claims expenditures and operational costs of the Plan.



## Summary Comparative Net Position

### Internal Service Fund

|   | As of<br>June 30, 2021 | As of<br>June 30, 2020 | Amount<br>of Change  | Percentage<br>Change |
|---|------------------------|------------------------|----------------------|----------------------|
| <b>ASSETS</b>   |                        |                        |                      |                      |
| Current assets  | \$262,200,585          | \$151,905,277          | \$110,295,308        | 72.61%               |
| Capital assets  | 378,160                | 177,984                | 200,176              | 112.47               |
| <b>Deferred Outflow<br/>of Resources</b>                          | <b>1,382,439</b>       | <b>1,680,300</b>       | <b>(297,861)</b>     | <b>(17.73)</b>       |
| <b>Total Assets and Deferred<br/>Outflow of Resources</b>         | <b>\$263,961,184</b>   | <b>\$153,763,561</b>   | <b>\$110,197,623</b> | <b>71.67%</b>        |
| <b>LIABILITIES</b>  |                        |                        |                      |                      |
| Accrued medical claims & fees                                     | \$54,994,061           | \$44,935,247           | \$10,058,814         | 22.39%               |
| Unearned premiums &<br>other liabilities                          | 60,968,153             | 46,981,850             | 13,986,303           | 29.77                |
| Total current liabilities   | 115,962,214            | 91,917,097             | 24,045,117           | 26.16                |
| Total noncurrent liabilities                                      | 9,081,290              | 8,931,796              | 149,494              | 1.67                 |
| <b>Deferred Inflow of<br/>Resources</b>                           | <b>\$325,462</b>       | <b>\$246,231</b>       | <b>\$79,231</b>      | <b>32.18%</b>        |
| <b>Total Liabilities and<br/>Deferred Inflow of<br/>Resources</b> | <b>\$125,368,966</b>   | <b>\$101,095,124</b>   | <b>\$24,273,842</b>  | <b>24.01%</b>        |
| <b>NET POSITION</b>   |                        |                        |                      |                      |
| Unrestricted  | \$138,214,058          | \$52,490,453           | \$85,723,605         | 163.31%              |
| Net investment in capital assets                                  | 378,160                | 177,984                | 200,176              | 112.47               |
| <b>Total Net Position</b>   | <b>138,592,218</b>     | <b>52,668,437</b>      | <b>85,923,781</b>    | <b>163.14</b>        |
| <b>Total Liabilities and<br/>Net Position</b>                     | <b>\$263,961,184</b>   | <b>\$153,763,561</b>   | <b>\$110,197,623</b> | <b>71.67%</b>        |

## Summary Comparative Statement of Fiduciary Net Position

Cash and cash equivalents increased primarily to the timing of investment strategies and activity as approved by the Board of Trustees and performed by the Plan's investment manager. The increase in amounts due from MCHCP at June 30, 2021, over 2020, reflect the increase in activity housed in the single service operations account related to the operations of each of the funds. Investments increased significantly during the year ended June 30, 2021, over 2020, primarily due to generated returns of 14 percent resulting in the increase in the portfolio.

Prescription drug rebates for the SRWBT increased slightly during fiscal year 2021, as a result of the Plan's increases in pharmacy and specialty drug expenditures and the related direct and coverage gap discounts associated with those payments. Contractual improvements associated with pharmacy market check provisions increased per script returns while bolstering rebate revenues.

Contractual market check provisions associated with retail brand scripts increased prescription drug rebates for the SRWBT and were also a contributor to the increase in net position at June 30, 2021, to approximately \$192.5 million compared to \$159.9 million at June 30, 2020.

## Summary Comparative Fiduciary Net Position

State Retiree Welfare Benefit Trust

|   | As of<br>June 30, 2021 | As of<br>June 30, 2020 | Amount<br>of Change | Percentage<br>Change |
|---|------------------------|------------------------|---------------------|----------------------|
| <b>ASSETS</b>                                   |                        |                        |                     |                      |
| Cash and cash equivalents                       | \$3,701,083            | \$1,949,054            | \$1,752,029         | 89.89%               |
| Due from MCHCP                                  | 40,225,425             | 24,144,321             | 16,081,104          | 66.60                |
| Investments, at fair value                      | 138,207,575            | 122,022,980            | 16,184,595          | 13.26                |
| <b>RECEIVABLES</b>                              |                        |                        |                     |                      |
| Prescription drug rebates                       | \$23,227,589           | \$22,483,459           | \$744,130           | 3.31%                |
| Other receivables                               | 292,720                | 360,985                | (68,265)            | (18.91)              |
| Total receivables                               | 23,520,309             | 22,844,444             | 675,865             | 2.96                 |
| <b>Total Assets</b>                             | <b>\$205,654,392</b>   | <b>\$170,960,799</b>   | <b>\$34,693,593</b> | <b>20.29%</b>        |
| <b>LIABILITIES</b>                              |                        |                        |                     |                      |
| Accrued medical claims<br>& capitation fees     | \$6,785,908            | \$4,965,908            | \$1,820,000         | 36.65%               |
| Unearned revenue                                | 6,171,488              | 5,834,861              | 336,627             | 5.77                 |
| Other liabilities                               | 237,174                | 268,014                | (30,840)            | (11.51)              |
| <b>Total Liabilities</b>                        | <b>\$13,194,570</b>    | <b>\$11,068,783</b>    | <b>\$2,125,787</b>  | <b>19.21%</b>        |
| <b>Net Position restricted for<br/>pensions</b> | <b>\$192,459,822</b>   | <b>\$159,892,016</b>   | <b>\$32,567,806</b> | <b>20.37%</b>        |

## Summary Comparative Statements of Revenue, Expenses & Changes in Net Position

State/employer contributions for fiscal years 2021 and 2020 for the ISF totaled \$437,336,126 and \$401,388,126, respectively. Funding for the years represented are attributable to the State's appropriation to fund the claims costs and operations expense attributable to State employee health benefits, including during the fiscal year ended, June 30, 2021, over \$19 million for the impact to the Plan of the global pandemic. Ultimately, claims costs for state employees are backed by the State of Missouri should State/employer contributions not be sufficient to cover claims expenditures and operational costs.

Member contributions for the ISF for the years ended June 30, 2021 and 2020, are influenced primarily by total enrollment, the mix of enrollment, the relative plan design for the respective years, and the State's commitment to providing a pathway for maintaining premium contributions through employer subsidy and employee participation in wellness initiatives.

Public entity enrollment at June 30, 2021, increased approximately 20 percent over enrollment at June 30, 2020, and is reflective of the increase in premium contributions at June 30, 2021, over 2020. Public entity contributions for the years ended June 30, 2021 and 2020 were \$8,150,024 and \$7,423,514, respectively.

Pharmacy rebates remained relatively steady at June 30, 2021 over 2020 and are primarily influenced by the Plan's prescription drug expenditures, active enrollment, and the related contractual rebate improvements.

Medical claims and capitation expense increased slightly by over 2.5 percent during fiscal year 2021 over 2020, and although reflect increased costs, actual costs remain less than actuarially projected as medical claims continue to be somewhat influenced by the impact of the global pandemic.

## Summary Comparative Statement of Revenue, Expenses & Changes in Net Position

### Internal Service Fund

|   | Year ended<br>June 30, 2021 | Year ended<br>June 30, 2020 | Amount<br>of Change | Percentage<br>Change |
|---|-----------------------------|-----------------------------|---------------------|----------------------|
| <b>OPERATING REVENUES</b>                     |                             |                             |                     |                      |
| State/employer contributions                  | \$437,336,186               | \$401,388,126               | \$35,948,060        | 8.96%                |
| State employee/member contributions           | 74,012,245                  | 74,873,802                  | (861,557)           | (1.15)               |
| Public entity contributions                   | 8,150,024                   | 7,423,514                   | 726,510             | 9.79                 |
| Subcontractor & other rebates                 | 32,607,229                  | 31,653,218                  | 954,011             | 3.01                 |
| <b>Total Operating Revenues</b>               | <b>\$552,105,684</b>        | <b>\$515,338,660</b>        | <b>\$36,767,024</b> | <b>7.13%</b>         |
| <b>OPERATING EXPENSES</b>                     |                             |                             |                     |                      |
| Medical claims & capitation expense           | \$450,588,923               | \$439,515,651               | \$11,073,272        | 2.52%                |
| General & administration expense              | 16,026,341                  | 15,634,293                  | 392,048             | 2.51                 |
| <b>Total Operating Expenses</b>               | <b>\$466,615,264</b>        | <b>\$455,149,944</b>        | <b>\$11,465,320</b> | <b>2.52%</b>         |
| Operating gain/loss                           | 85,490,420                  | 60,188,716                  | 25,301,704          | 42.04                |
| Investment income & other changes             | 433,362                     | 1,103,352                   | (669,990)           | (60.72)              |
| Excess of revenues over expenses              | 85,923,782                  | 61,292,068                  | 24,631,714          | 40.19                |
| Net position, beginning of the year, adjusted | 52,668,436                  | (8,623,632)                 | 61,292,068          | (710.75)             |
| <b>Net Position, end of year</b>              | <b>\$138,592,218</b>        | <b>\$52,668,436</b>         | <b>\$85,923,782</b> | <b>163.14%</b>       |

## Summary Comparative Statement of Changes in Fiduciary Net Position

Employer contributions for the SRWBT for the years ended June 30, 2021 and 2020, respectively were \$74,330,294 and \$72,338,734 and are attributable to the State's appropriation to fund the claims costs and operations expense attributable to State employee retiree health benefits. Ultimately, claims costs for state employees are backed by the State of Missouri should State/employer contributions not be sufficient to cover claims needs.

MCHCP participates in a Medicare Prescription Drug Plan to provide coverage to Medicare-primary retirees and dependents. The program provides greater savings to the employer over the historical retiree drug subsidy (RDS). During fiscal years 2021, and 2020 the SRWBT received \$53,623,533 and \$48,172,196 for retiree drug subsidy and other rebates.

Medical claims and capitation expense increased for the SRWBT during the period ended June 30, 2021, primarily due to an increase of over one percent in retiree membership for the year ended June 30, 2021.

## Summary Comparative Statement of Change in Fiduciary Net Position

State Retiree Welfare Benefit Trust

|                                      | Year ended<br>June 30, 2021 | Year ended<br>June 30, 2020 | Amount<br>of Change | Percentage<br>Change |
|--------------------------------------|-----------------------------|-----------------------------|---------------------|----------------------|
| <b>ADDITIONS</b>                     |                             |                             |                     |                      |
| Employer contributions               | <b>\$74,330,294</b>         | <b>\$72,338,734</b>         | <b>\$1,991,560</b>  | <b>2.75%</b>         |
| Retiree contributions                | <b>43,275,109</b>           | <b>43,318,278</b>           | <b>(43,169)</b>     | <b>(0.10)</b>        |
| Investment income                    | <b>18,258,737</b>           | <b>2,754,934</b>            | <b>15,503,803</b>   | <b>562.76</b>        |
| Retiree drug subsidy & other rebates | <b>53,623,533</b>           | <b>48,172,196</b>           | <b>5,451,337</b>    | <b>11.32</b>         |
| <b>Total Additions</b>               | <b>\$189,487,673</b>        | <b>\$166,584,142</b>        | <b>\$22,903,531</b> | <b>13.75%</b>        |
| <b>DEDUCTIONS</b>                    |                             |                             |                     |                      |
| Medical claims & capitation expense  | <b>\$149,071,751</b>        | <b>\$138,933,653</b>        | <b>\$10,138,098</b> | <b>7.30%</b>         |
| Claims administration services       | <b>4,926,263</b>            | <b>4,412,024</b>            | <b>514,239</b>      | <b>11.66</b>         |
| Administration & other               | <b>2,921,853</b>            | <b>2,896,632</b>            | <b>25,221</b>       | <b>0.87</b>          |
| <b>Total Deductions</b>              | <b>\$156,919,867</b>        | <b>\$146,242,309</b>        | <b>\$10,677,558</b> | <b>7.30%</b>         |
| Net increase                         | <b>32,567,806</b>           | <b>20,341,833</b>           | <b>12,225,973</b>   | <b>60.10</b>         |
| Net position restricted for pensions |                             |                             |                     |                      |
| <b>Beginning of year</b>             | <b>159,892,016</b>          | <b>139,550,183</b>          | <b>20,341,833</b>   | <b>14.58</b>         |
| <b>End of year</b>                   | <b>\$192,459,822</b>        | <b>\$159,892,016</b>        | <b>\$32,567,806</b> | <b>20.37%</b>        |



## SUMMARY

MCHCP remains committed to providing comprehensive and affordable health care to the members we serve, effectuating sound fiscal practices as stewards of Plan resources, and remaining diligent in our efforts in providing member education to facilitate member satisfaction and cost containment. Wellness and chronic condition management programs are incorporated in an effort to promote healthy member outcomes, engage members in their health, and to promote cost containment. Operating expenses and vendor costs remained relatively stable due to competitive procurement with investments in technology and automation in Plan operations. Medical and pharmacy costs reflect expected fluctuations due to increases in high cost claimants, the emergence of specialty drug cost prevalence and anticipated medical claim trends. Self-funded expenditures are indicative of the attention to health risk profiles of the MCHCP population and management initiatives surrounding benefit design, care management and wellness. For over seven years, the Plan's *Strive for Wellness*® Health Center has offered an additional opportunity to promote appropriate utilization, provide members with additional access to services, while continuing to pursue avenues for cost containment. The health center continues to report optimum member satisfaction results in excess of 99% while continuing to provide opportunities for members to pursue health management in a convenient setting.

MCHCP's cash is invested conservatively to preserve principal and maintain liquidity. In addition, the Plan utilizes a master investment policy and instruments are predicated on an asset allocation model approved by the Board of Trustees. Investment income for the ISF and SRWBT consists of interest income, unrealized gains and losses in fair value, accretion of discounts, and amortization of premiums. Investment income for the ISF and the SRWBT in total was realized in the amount of \$18,692,098 and \$3,858,286 for the fiscal year's ended June 30, 2021 and 2020, respectively, and is predicated on the availability of investable assets and the economic conditions influencing market conditions.

MCHCP's actuary reviews the financial assets of MCHCP in conjunction with obligations and the funding available as provided by the Missouri General Assembly. Due to the state of economic conditions facing the State, MCHCP, members of the General Assembly, and the State's Office of Budget and Planning meet regularly to discuss funding needs and projected claims expenditures in an effort to develop funding levels for the Plan. Ultimately, the funding of claims costs are backed by the State of Missouri should contributions be unable to meet claims obligations.

During the years presented, MCHCP faced a tightened State budget, which compelled it to continue to pursue opportunities in cost containment, member engagement in healthy outcomes and changes to benefit offerings. Combined with expected continued escalation in health care costs, MCHCP faces continued challenges in an effort to provide affordable health care coverage to its members. As a result, MCHCP has explored a full range of viable options to accommodate the State budget while continuing to offer comprehensive and affordable coverage to its members. Wellness and care management programs that encourage member engagement are the progressive instrument to continue to foster healthier outcomes and reduce claims expenditures. MCHCP's wellness incentives are designed to incorporate and promote best in class initiatives. The overall financial position of MCHCP is reliant upon state funding, cost containment and comprehensive benefits review of the self-funded programs to continue to generate a healthier membership in MCHCP.



## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of MCHCP's financial position for all those with an interest in MCHCP. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Missouri Consolidated Healthcare Plan, 832 Weathered Rock Court, PO Box 104355, Jefferson City, Missouri 65110-4355.

# Statement of Net Position

Internal Service Fund as of June 30, 2021

## ASSETS

### Current Assets

|                             |                      |
|-----------------------------|----------------------|
| Cash & cash equivalents     | \$245,480,070        |
| Rebates & other receivables | 16,467,768           |
| Prepaid expenses            | 252,747              |
| <b>Total Current Assets</b> | <b>\$262,200,585</b> |

### Noncurrent Assets

|  |                |
|--|----------------|
| Capital Assets   |                |
| Furniture, fixtures & equipment,<br>net of accumulated depreciation of \$1,526,726 | 378,160        |
| <b>Total Noncurrent Assets</b>   | <b>378,160</b> |

|                                      |                  |
|--------------------------------------|------------------|
| <b>Deferred Outflow of Resources</b> | <b>1,382,439</b> |
|--------------------------------------|------------------|

|   |                      |
|---|----------------------|
| <b>Total Assets and Deferred Outflow of Resources</b> | <b>\$263,961,184</b> |
|---|----------------------|

## LIABILITIES

### Current Liabilities

|   |                      |
|---|----------------------|
| Accrued medical claims & capitation fee expense | \$54,994,061         |
| Accounts payable & accrued expenses             | 647,328              |
| Due to SRWBT                                    | 40,225,425           |
| Deferred premium revenue                        | 20,095,400           |
| <b>Total Current Liabilities</b>                | <b>\$115,962,214</b> |

### Noncurrent Liabilities

|                                     |                    |
|-------------------------------------|--------------------|
| Net pension liability               | 9,081,290          |
| <b>Total Noncurrent Liabilities</b> | <b>\$9,081,290</b> |

|                                     |                |
|-------------------------------------|----------------|
| <b>Deferred Inflow of Resources</b> | <b>325,462</b> |
|-------------------------------------|----------------|

|   |                      |
|---|----------------------|
| <b>Total Liabilities and Deferred Inflow of Resources</b> | <b>\$125,368,966</b> |
|---|----------------------|

### Net Position

|                                  |                    |
|----------------------------------|--------------------|
| Unrestricted                     | \$138,214,058      |
| Net investment in capital assets | 378,160            |
| <b>Total net position</b>        | <b>138,592,218</b> |

|   |                      |
|---|----------------------|
| <b>Total Liabilities, Deferred Inflow of Resources and Net Position</b> | <b>\$263,961,184</b> |
|---|----------------------|

The accompanying notes are an integral part of the financial statements.

# Statement of Revenues, Expenses & Change in Net Position

Internal Service Fund for the year ended June 30, 2021

## Operating Revenues

|                                 |                      |
|---------------------------------|----------------------|
| State/employer contributions    | \$437,336,186        |
| Member contributions            | 74,012,245           |
| Public entity contributions     | 8,150,024            |
| Pharmacy rebates                | 32,607,229           |
| <b>Total Operating Revenues</b> | <b>\$552,105,684</b> |

## Operating Expenses

|   |                      |
|---|----------------------|
| Medical claims & capitation expense                       | \$450,588,923        |
| Claims administration services                            | 10,589,411           |
| Payroll & related benefits                                | 3,436,317            |
| Health management   | (44,523)             |
| Administration  | 931,138              |
| Professional services                                     | 700,784              |
| Employee assistance program                               | 413,214              |
| <b>Total Operating Expenses</b>                           | <b>\$466,615,264</b> |
| <b>Operating revenues over (under) operating expenses</b> | <b>85,490,420</b>    |

## Non-Operating Revenues

|  |                      |
|--|----------------------|
| Investment & other income              | 433,362              |
| Change in net position                 | \$85,923,782         |
| <b>Net position, beginning of year</b> | <b>52,668,436</b>    |
| <b>Net Position, End of Year</b>       | <b>\$138,592,218</b> |

The accompanying notes are an integral part of the financial statements.



# Statement of Cash Flows

Internal Service Fund year ended June 30, 2021

## Cash Flows from Operating Activities

|   |                     |
|---|---------------------|
| Cash received from State, employer, members & public entities | \$549,784,750       |
| Cash payments for medical claims & capitation fee payments    | (440,530,108)       |
| Cash payments to employees for services                       | (2,909,729)         |
| Cash payments to other suppliers of goods & services          | (12,446,383)        |
| <b>Net Cash Provided by Operating Activities</b>              | <b>\$93,898,530</b> |

## Cash Flows from Noncapital Financing Activities

|                                 |            |
|---------------------------------|------------|
| Changes in amounts due to SRWBT | 16,081,104 |
|---------------------------------|------------|

## Cash Flows from Capital & Related Financing Activities

|   |           |
|---|-----------|
| Purchase of furniture, fixtures & equipment | (279,289) |
|---|-----------|

## Cash Flows from Investing Activities

|  |                |
|--|----------------|
| Cash received from investment income; net of investment expenses | 433,361        |
| Purchase of investments  | -              |
| Proceeds from investments  | -              |
| <b>Net cash provided by Investing Activities</b>                 | <b>433,361</b> |

## Net increase in Cash & Cash equivalents

110,133,706

## Cash & Cash Equivalents, Beginning of Year

\$135,346,364

## Cash & Cash Equivalents, End of Year

\$245,480,070

## Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

|   |              |
|---|--------------|
| Operating revenues under operating expenses | \$85,490,420 |
|---|--------------|

## Adjustments

|  |                  |
|--|------------------|
| Adjustments to net cash used by operating activities         |                  |
| Depreciation   | 79,113           |
| Pension expense  | 1,182,755        |
| Changes in Assets & Liabilities                              |                  |
| Rebates & other receivables                                  | (292,683)        |
| Prepaid expenses   | 131,081          |
| Accrued medical claims & capitation fees                     | 10,058,814       |
| Accounts payable & accrued expenses                          | (66,550)         |
| Unearned premium revenue                                     | (2,028,251)      |
| Deferred outflows - contributions after the measurement date | (656,169)        |
| <b>Total Adjustments</b>                                     | <b>8,408,110</b> |

## Net Cash Provided By Operating Activities

\$93,898,530

Noncash investing, capital & financing activities

Change in fair value of investments

-

The accompanying notes are an integral part of the financial statements.





# Statement of Fiduciary Net Position

State Retiree Welfare Benefit Trust as of June 30, 2021

## ASSETS

|                                      |                      |
|--------------------------------------|----------------------|
| Cash & cash equivalents              | \$3,701,083          |
| Due from MCHCP                       | 40,225,425           |
| Investments, at fair value           |                      |
| U.S. Agencies                        | 38,673,631           |
| Exchanged Traded Funds               | 30,171,716           |
| U.S. Government guaranteed mortgages | 16,541,856           |
| Equity                               | 28,471,655           |
| Corporate                            | 19,957,658           |
| Collateralized mortgage obligations  | 4,391,059            |
| Receivables                          |                      |
| Prescription drug rebates            | 23,227,589           |
| Other receivables                    | 292,720              |
| <b>Total Assets</b>                  | <b>\$205,654,392</b> |

## LIABILITIES

|  |                     |
|--|---------------------|
| Accrued medical claims & capitation fees | \$6,785,908         |
| Unearned revenue                         | 6,171,488           |
| Other liabilities                        | 237,174             |
| <b>Total Liabilities</b>                 | <b>\$13,194,570</b> |

|   |                      |
|---|----------------------|
| <b>Net Position restricted for pensions</b> | <b>\$192,459,822</b> |
|---|----------------------|

The accompanying notes are an integral part of the financial statements.

## Statement of Change in Fiduciary Net Position

State Retiree Welfare Benefit Trust for the fiscal year ended June 30, 2021

### Additions

|                                      |                      |
|--------------------------------------|----------------------|
| Employer contributions               | \$74,330,294         |
| Retiree contributions                | 43,275,109           |
| Investment income                    | 18,258,737           |
| Retiree drug subsidy & other rebates | 53,623,533           |
| <b>Total Additions</b>               | <b>\$189,487,673</b> |

### Deductions

|                                     |                      |
|-------------------------------------|----------------------|
| Medical claims & capitation expense | \$149,071,751        |
| Claims administration services      | 4,926,263            |
| Administration & other              | 2,921,853            |
| <b>Total Deductions</b>             | <b>\$156,919,867</b> |

### Net Increase

|                                      |             |
|--------------------------------------|-------------|
| Net Position restricted for pensions | 32,567,806  |
| Beginning of Year                    | 159,892,016 |

|                    |                      |
|--------------------|----------------------|
| <b>End of Year</b> | <b>\$192,459,822</b> |
|--------------------|----------------------|

The accompanying notes are an integral part of the financial statements.

# Notes to Financial Statements

## 1. GENERAL INFORMATION

The Missouri Consolidated Health Care Plan (MCHCP) was statutorily created and organized on January 1, 1994, with the purpose of providing medical insurance benefits to the State of Missouri's (State) employees, retirees and their dependents as well as other Missouri public entity employees, retirees and their dependents. Prior to 1994, medical insurance benefits for the State's employees, retirees and their dependents were provided by Missouri State Employees' Retirement System (MOSERS) medical care plan. On January 1, 1994, through a transfer agreement between the Plan and MOSERS, all medical care plan assets and liabilities were transferred to the Plan.

The Plan currently has approximately 88,000 active and retired State members and dependents, 1,163 public entity members and dependents, and over 89,000 covered lives, and is funded through both employer and employee contributions. Through December 31, 1994, all Plan members were State employees, retirees, and their dependents. Beginning January 1, 1995, additional members included public entity employees, retirees, and dependents.

State contribution rates are based on the State's approved appropriation and the number of anticipated participants. State employee and public entity contribution rates are established by the Plan's Board of Trustees based on contractor bids for the plan year and budgeted employer contributions.

MCHCP is a risk pool and administers an "agent multiple employer plan" because each employer remains individually responsible for financing its own commitment to provide benefits to its participants, including any eligible retirees. As a result of the implementation of GASB Statement No. 43, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, MCHCP created a separate fiduciary trust fund (State Retiree Welfare Benefit

Trust, or SRWBT) to handle the post-employment benefits for State employees. GASB Statement No. 43, was supplanted when in June 2015, GASB issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which is to be instrumental in improving financial reporting by state and local governmental postemployment benefit plans other than pension plans. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was also issued in June 2015 adding the requirement of recognition for the Other Postemployment Benefits (OPEB) liability in its entirety and a more comprehensive measurement of OPEB expense effective for the fiscal year ended June 30, 2018. MCHCP reviewed the provisions of GASB Statement No. 84, Fiduciary Activities, resulting in no change to the reporting for the internal service fund. As a result, the adoption had no impact on MCHCP's financial statements.

SRWBT was established and organized on June 27, 2008, pursuant to the Revised Statutes of Missouri (2000) as amended ("RSMo") 103.003 through 103.178 to provide health and welfare benefits for the exclusive benefit of current and future retired employees of the State and their dependents who meet eligibility requirements except for those retired members covered by other post-employment benefit (OPEB) plans of the State. The SRWBT is considered a cost-sharing multiple employer plan because it covers various State agencies and legally separate component units. It is administered by Plan staff under the direction of the Plan Board of Trustees. The SRWBT does not issue a separate audited financial report.

Since June 30, 2009, the net position and activity related to active participants are reported in the Internal Service Fund (ISF), and the net position and activity related to retired participants are reported in the SRWBT in the accompanying financial statements.

In the following footnotes, the term “the Plan” refers to both the ISF and SRWBT. Disclosures that are specific to the ISF or SRWBT are separately noted.

The Plan is considered a part of the State’s financial reporting entity and is included in the State’s financial report as a component unit. As the Plan is considered a political subunit of the State and provider of essential governmental services, it is not subject to federal income taxes, nor to the provisions of the Employee Retirement Income Security Act of 1974. The Plan is administered according to Missouri statutes. These statutes do not include a provision for the termination of the Plan.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Basis of Accounting**

The financial statements of the ISF are intended to present the financial position and the changes in cash flows of only that portion of the activities attributable to the transactions of the ISF. The ISF is accounted for as a proprietary fund.

The Plan’s financial statements for the ISF were prepared using the accrual basis of accounting, in accordance with GAAP, as prescribed by the Governmental Accounting Standards Board

(GASB). GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, establishes the GAAP hierarchy for proprietary funds. The financial statements of the SRWBT are intended to present the financial position and the changes in cash flow of only that portion of the activities attributable to the transactions of the SRWBT.

Benefits and refunds of the SRWBT are recognized when due and payable in accordance with the terms of the plan. The SRWBT is accounted for as a fiduciary fund. Accordingly, the financial statements are prepared using the accrual basis of accounting in conformity with GAAP.

### **Subsequent Events**

The Plan has evaluated subsequent events through December 7, 2021, the date the financial statements were available for issue.



## **B. Method Used to Value Investments**

Investments are reported at fair value on a trade-date basis with changes in fair value recorded in investment income on the statement of revenues, expenses and change in net position. Investments are recorded at fair value as determined by quoted market price, when available, or estimated fair value when not available. Many factors are considered in arriving at that fair market value. In general, however, bonds and mortgages are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Realized gains and losses are based on the specific identification basis. The calculation of realized gains and losses is independent of the calculation of the change in net unrealized gains and losses.

## **C. Deposits & Investments**

The Plan considers all highly liquid investments, readily convertible into cash with original maturities of three months or less, to be cash equivalents.

### **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan would not be able to recover deposits or collateral securities in the possession of an outside party. In an effort to mitigate custodial credit risk, the Plan requires the bank to sweep the accounts each night into overnight repurchase agreements for which the underlying securities must be of the type approved by the State. All remaining cash balances are to be insured or appropriately collateralized.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the transaction, the Plan would not be able to recover the value of investments or collateral securities in the possession of an outside party. The Plan does not have a formal policy regarding custodial credit risk. However, the bank acting as the investment manager has been approved by the Plan's Board of Trustees.

### **Deposits**

Cash balances represent operating bank account balances. To maximize investment income, the float caused by outstanding checks is invested in overnight repurchase agreements, thus causing a negative carrying value.

At June 30, 2021, cash held in the financial institution had a bank balance of \$52,288 and a carrying value of (\$863,050). Of the bank balance, \$52,288 was covered by federal depository insurance. The remaining \$250,044,204 of cash and cash equivalents are held in repurchase agreements and fully collateralized with securities held by a third-party financial institution in the Plan's name.

The Plan's contracted yield on its overnight repurchase agreements was 17 basis points above the prevailing 91-day U.S. Treasury Bill rate as of June 30, 2021.

### **Investments**

The Plan's investment policy for the ISF is predicated on the primary objectives of safety, liquidity, and yield, in order of priority.

The Board of Trustees adopted an asset allocation model for the SRWBT that implemented a moderate investment approach allocating up to 50 percent to equities. This approach was approved to steadily increase the exposure of the SRWBT to higher return asset classes over time. Exposure to equities will be through a combination of actively managed index funds and/or exchange traded funds that are highly rated and reviewed regularly. Allocations are back-tested, and future assets are projected in all models. The Plan follows the "prudent person" rule for investment decisions. Essentially, the Plan operates as a prudent person acting in a like capacity and familiar with similar matters would act in the conduct of an enterprise of a like character and with like aims. Any person with fiduciary responsibilities with respect to the Plan is covered by this "prudent person" rule. As of June 30, 2021, the Plan had the following investments as presented on the next page.

## Investments

### State Retiree Welfare Benefit Trust

2021

Fair Value

#### Investments

|   |                     |
|---|---------------------|
| U.S. Government Agencies (AGCY)           | <b>\$38,673,631</b> |
| Exchange Traded Funds                     | <b>30,171,716</b>   |
| U.S. Government Guaranteed Mortgages      | <b>16,541,856</b>   |
| Equity                                    | <b>28,471,655</b>   |
| Corporate                                 | <b>19,957,658</b>   |
| Collateralized Mortgage Obligations (CMO) | <b>4,391,059</b>    |

#### Total Investments

**\$138,207,575**

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the ISF's investment in a single issue. To mitigate this risk, the ISF's investment policy provides general guidelines on diversification.

Investments in equities and exchange traded funds may be allocated up to 50 percent of the portfolio, U.S. Agency-Backed collateralized mortgage obligations, mortgage backed securities, and U.S. Corporate Bonds are each not to exceed 30 percent of the market value of the portfolio.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Plan minimizes this risk by only

authorizing investment types approved by the Treasurer of the State of Missouri, limiting investments to the safest types of securities, and diversifying the portfolio so potential losses on individual securities will be minimized. The Plan's investments by credit rating category as of June 30, 2021 are presented below.

## Credit Risk

### State Retiree Welfare Benefit Trust

|                                      | 2021<br>Fair Value  | 2021<br>Ratings |
|--------------------------------------|---------------------|-----------------|
| <b>Investments</b>                   |                     |                 |
| U.S. Agencies                        | <b>\$38,673,631</b> | <b>Aaa</b>      |
| Exchange Traded Funds                | <b>30,171,716</b>   | <b>4 Stars</b>  |
| U.S. Government Guaranteed Mortgages | <b>16,541,856</b>   | <b>Aaa</b>      |
| Equity                               | <b>28,471,655</b>   | <b>A</b>        |
| Corporate                            | <b>19,957,658</b>   | <b>A</b>        |
| Collateralized Mortgage Obligations  | <b>4,391,059</b>    | <b>Aaa</b>      |

|                          |                      |
|--------------------------|----------------------|
| <b>Total Investments</b> | <b>\$138,207,575</b> |
|--------------------------|----------------------|





## Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan minimizes this risk by structuring the portfolio so securities mature to meet cash requirements for ongoing operations, using cash flow modeling to moderate the interest rate risk by reducing any unanticipated security sales that could result in a loss of principal and, maintaining the operating funds primarily in repurchase agreements according to the banking contract.

For the interest rate risk measurement for the Plan, Central Bank employs the duration method. The maturities of the Plan's investments as of June 30, 2021 are presented below.

## Interest Rate Risk

### State Retiree Welfare Benefit Trust

|                                      | 2021<br>Fair Value   | 2021<br>Duration |
|--------------------------------------|----------------------|------------------|
| <b>Investments</b>                   |                      |                  |
| U.S. Agencies                        | <b>\$38,673,631</b>  | <b>4.88</b>      |
| Exchange Traded Funds                | <b>30,171,716</b>    | <b>-</b>         |
| U.S. Government Guaranteed Mortgages | <b>16,541,856</b>    | <b>3.30</b>      |
| Equities                             | <b>28,471,655</b>    | <b>-</b>         |
| Corporate                            | <b>19,957,658</b>    | <b>3.85</b>      |
| Collateralized Mortgage Obligations  | <b>4,391,059</b>     | <b>3.20</b>      |
| <b>Total Investments</b>             | <b>\$138,207,575</b> |                  |



## Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan has no investments subject to foreign currency risk.

## Fair Value Measurement

MCHCP categorizes its fair value measurements with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurements and Application*. The hierarchy for fair value is as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets available at the measurement date.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; and model derived valuations in which all significant inputs are corroborated by observable market data.

Level 3 - Valuations derived from valuation methodology in which significant inputs are unobservable.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified with Level 1 of the fair value hierarchy. MCHCP's Level 1 investments in exchange traded funds and equities for the SRWBT. When quoted prices in active markets are not available, fair values are based on evaluated prices received from MCHCP's custodian of investments in conjunction with a third party pricing service and are reported with Level 2 of the fair value hierarchy. The inputs for Level 2 include, but are not limited to, pricing models such as benchmarking yields, reported trades, broker-dealer quotes, issuer spreads and benchmarking securities, among others. MCHCP's Level 2 investments consist of investments for the SRWBT of U.S Agency and Mortgage Backed Securities, Corporate and Collateralized Mortgage Obligations. MCHCP did not maintain any Level 3 investments.

# Investments

## State Retiree Welfare Benefit Trust

|  | Fair Value<br>June 30, 2021 | Fair value measurement at report date using                             |   |  |
|--|-----------------------------|---|---|--|
|  |                             | Quoted prices in<br>active markets for<br>identical assets<br>(Level 1) | Significant other<br>observable inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |
| Investments                                  |                             |   |   |  |
| U.S. Government Agencies<br>(AGCY)           | \$38,673,631                | -   | \$38,673,631  | -  |
| Exchange Traded Funds<br>(ETF)               | 30,171,716                  | \$30,171,716  | -   | -  |
| Mortgage Backed Securities<br>(MBS)          | 16,541,856                  | -   | 16,541,856  | -  |
| Equity                                       | 28,471,655                  | 28,471,655  | -   | -  |
| Corporate                                    | 19,957,658                  | -   | 19,957,658  | -  |
| Collateralized Mortgage<br>Obligations (CMO) | 4,391,059                   | -   | 4,391,059   | -  |
| Total  | \$138,207,575               | \$58,643,371  | \$79,564,204  | -  |

### D. Interfund Activity & Balances

The ISF provides all administrative responsibilities related to SRWBT, which has no separate facilities or staff. Expenses directly attributable to SRWBT are charged to SRWBT. Other operating expenses, including personnel, are allocated between the ISF and the SRWBT based on participant counts for retired and active participants.

The balance of the inter fund receivable/payable represents the excess of SRWBT contributions collected by the ISF Plan over expenses paid by the ISF Plan for SRWBT.

### E. Receivables

Beginning January 1, 2014, the Plan began offering an Employer Group Waiver Plan (EGWP), a Medicare

Part D prescription drug plan (PDP) to Medicare eligible retirees and covered Medicare eligible dependents. Estimated revenue is recognized as the SRWBT incurs Medicare eligible retiree prescription drug expenditures. In addition, the Plan receives rebates from its pharmacy benefit manager related to manufacturers' rebates and other guaranteed rebates for non-Medicare Part D prescriptions. For the year ended June 30, 2021, these rebates are allocated between the ISF and the SRWBT based upon their respective claims activity. Estimated revenue is recognized for rebates based on prescription claims counts, historical average rebate per claim, and actual receipts.

Other receivables include interest income and member premium amounts.

## F. Furniture, Fixtures & Equipment

Furniture, fixtures and equipment are capitalized at cost when acquired. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Furniture and fixtures are depreciated over a 10-year useful life. Data processing equipment is depreciated over a five-year useful life. The threshold for the capitalizing of fixed assets is \$1,000.

Maintenance and repairs are charged to expense as incurred. The cost and related accumulated depreciation of assets sold or retired are removed from the related accounts, and the resulting gains or losses are reflected as non-operating gains or losses in the statement of revenues, expenses and change in net position. The changes in Furniture, Fixtures and Equipment for the year ended June 30, 2021 are as presented in the chart below.

## Furniture, Fixtures & Equipment

### Missouri Consolidated Health Care Plan

**2021**

#### Additions

|                            |                    |
|----------------------------|--------------------|
| Balance, beginning of year | <b>\$1,912,380</b> |
| Additions                  | <b>279,289</b>     |
| Deletions                  | <b>(286,783)</b>   |

|                             |                    |
|-----------------------------|--------------------|
| <b>Balance, End of Year</b> | <b>\$1,904,886</b> |
|-----------------------------|--------------------|

#### Accumulated Depreciation

|                            |                    |
|----------------------------|--------------------|
| Balance, beginning of year | <b>\$1,734,396</b> |
| Depreciation expense       | <b>79,113</b>      |
| Deletions                  | <b>(286,783)</b>   |

|                             |                    |
|-----------------------------|--------------------|
| <b>Balance, End of Year</b> | <b>\$1,526,726</b> |
|-----------------------------|--------------------|

## **G. Plan Funding**

### **State Appropriations/Contributions**

Funds are appropriated to the Plan by the Missouri State General Assembly. Premiums are received one-half prior to the month of coverage and one-half during the month of coverage. Funds are received by the Plan every two weeks, and coincide with the State's payroll cycle. The State's monthly per-member active contribution for fiscal year 2021, averaged \$1,023 per month. The State's contribution per member to fund the current fiscal year cost of retiree plan benefits for the year ended June 30, 2021, averaged 4.26% of active employee covered payroll.

The State did not provide additional funding towards future OPEB benefits for the period ended June 30, 2021. All state appropriations are available to pay benefits for both active and retired participants except for the amounts contributed to fund the OPEB reserve.

### **Member Premiums**

Monthly member premiums for State employees are established annually by the Plan's Board of Trustees. These premiums are deducted from employee payroll checks in advance. Additionally, the Plan bills members who are not receiving payroll checks two weeks in advance.

### **Public Entity Premiums**

Monthly public entity premiums are established annually by the Plan's Board of Trustees. The Plan bills the public entities two weeks in advance.

### **Deferred Premium Revenue**

Deferred premium revenue includes premium revenue from the members, public entities and the State received in advance of the month coverage is provided.

### **Operating/Non-operating Revenues**

Operating revenues and expenses reflect items directly related to providing health benefits to members. Non-operating revenues and expenses represent investment

income and other items not directly related to providing health benefits to members.

## **H. Other Post-Employment Benefits**

Employees may participate in state-sponsored medical coverage in retirement based on Plan criteria. At June 30, 2021, there were 22,552 retirees and their dependents who met these eligibility requirements.

For the year ended June 30, 2021, expenditures (net of retiree contributions) of \$113.6 million were recognized for post-retirement medical insurance coverage under the self-funded PPO.

Projections include a broad array of complex social and economic events, such as the emergence of new and expensive medical procedures and prescription drug options, changes in investment rates of return and other uncertainties. As such, the estimate of post-retirement program costs contains considerable uncertainty and variability, and actual experience may vary significantly from the current estimated obligation. Additional information as of the latest actuarial valuation is presented on the opposite page.

# Summary of Key Actuarial Methods & Assumptions

## State Retiree Welfare Benefit Trust

### Valuation Year

July 1, 2020 - June 30, 2021

Actuarial cost method

Amortization method

Asset Valuation method

Entry age normal, level percentage of payroll

30 years, open, level percent of pay

Market value

### Actuarial Assumptions

Discount Rate:

4.50%

Projected payroll growth rate

4.0%

Inflation Rate

3.0%

### Health care cost trend rate (Medical & prescription drugs combined)

Non-Medicare is 6.50% for Fiscal 2022; the rate decreases by 0.25% per year to an ultimate rate of 5.0% in Fiscal 2028 and later. Medicare 9.00% in fiscal year 2022, 13.50% in fiscal 2023, 12.50% in fiscal 2024, 11.50% in fiscal 2025, 10.50% in fiscal 2026, 9.75% in fiscal 2027, 9.00% in fiscal 2028, 8.25% in fiscal 2029, 7.50% in fiscal 2030, 6.75% in fiscal 2031, 6.00% in fiscal 2032, 5.25% in fiscal 2033, then 5.00% in fiscal 2034 and after.

### Employer Disclosures

Participating employers, upon their implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, are required to disclose additional information with regard to funding policy, the employer's annual OPEB costs and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used. Employer disclosures for MCHCP can be found in footnote M.

### I. Medical Claims & Capitation

As of June 30, 2021, the Plan insured approximately 67 percent of its members through PPO contracts, 19 percent in a fully insured group Medicare Advantage (PPO) plan, and 14 percent in a High Deductible Health Plan. Third-party administrators are paid a contracted

administrative fee per subscriber for the self-insured contracts, with the Plan bearing all administrative and medical claims costs of providing coverage to the members.

The liability for estimated accrued claims and processing costs is based on an actuarial estimate of the ultimate cost of settling such claims due and payable as of the balance sheet date (including claims reported and in process of settlement, claims reported but not yet processed for settlement, and claims incurred for services provided but not yet reported or processed for settlement). The estimated actuarial liability reflects certain assumptions, which include such factors as enrollment and utilization. Adjustments to the estimated actuarial liability for the final settlement of claims will be reflected in the year that actual results of the settlement of the claims are made and are known.

As of June 30, 2021, \$12,452,969 is included in accrued medical claims and capitation fee expenses for accrued PPO capitation expenses. Additionally, \$49,327,000 at June 30, 2021, is included in estimated accrued medical costs for claims incurred but not yet paid under the Plan's self-funded products. Although management believes these estimates are adequate, the ultimate liability may be more or less than the amounts recorded.

The methods for making such estimates and for establishing the resulting liabilities are continually reviewed, and any adjustments are reflected in current operations. Contingent liabilities exist with respect to claims covered under the Plan in the event a contracted provider or carrier is unable to meet its obligations to the Plan. Changes in estimated accrued claims for fiscal year 2021 is presented below.

## Summary of Changes in Estimated Accrued Claims

### Internal Service Fund

#### Balances

|  |                             |
|--|-----------------------------|
| Balance at beginning of year               | <b>2021</b><br>\$42,598,000 |
| Current year claims & changes in estimates | 450,588,923                 |
| Claim payments                             | (450,438,923)               |

|                               |                     |
|-------------------------------|---------------------|
| <b>Balance at End of Year</b> | <b>\$42,748,000</b> |
|-------------------------------|---------------------|

## Summary of Changes in Estimated Accrued Claims

### State Retiree Welfare Benefit Trust

#### Balances

|  |                            |
|--|----------------------------|
| Balance at beginning of year               | <b>2021</b><br>\$4,759,000 |
| Current year claims & changes in estimates | 149,071,751                |
| Claim payments                             | (147,251,751)              |

|                               |                    |
|-------------------------------|--------------------|
| <b>Balance at End of Year</b> | <b>\$6,579,000</b> |
|-------------------------------|--------------------|



## J. Retirement Plan

### General Information About the Pension Plan

**Plan description.** Benefit eligible employees of MCHCP are provided with pensions through the Missouri State Employees' Retirement System (MOSERS) – a cost-sharing multiple-employer defined benefit pension plan. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined plan for eligible state and other related agency employees. MOSERS issues an Annual Comprehensive Financial Report (ACFR), a publicly available report that can be obtained at [www.mosers.org](http://www.mosers.org).

**Benefits provided.** MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000, and MSEP2011 retirement plans) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' ACFR starting on page 25.

**Contributions.** Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board of Trustees. Employees in the MSEP2011 Plan are required to contribute 4.0 percent of their annual pay. MCHCP's required contribution rate for the year ended June 30, 2021, was 22.88 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from MCHCP were \$656,169 for the year ended June 30, 2021.

**Net Pension Liability.** At June 30, 2021, MCHCP reported a liability of \$9,081,290, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was offset by the fiduciary net position obtained from MOSERS ACFR as of June 30, 2020 to determine the net pension liability.

MCHCP's proportion of the net pension liability was based on MCHCP's actual share of the contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2020. At the June 30, 2020 measurement date, MCHCP's proportion was 0.14307 percent, a decrease from its proportion measured using 0.14785 percent as of June 30, 2019, measurement date.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2020, that affected the measurement of total pension liability.

**Assumptions.** The total pension liability in the June 30, 2020 actuarial valuation, which is also the date of measurement for GASB 68 purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                  |                              |
|----------------------------------|------------------------------|
| <b>Inflation</b>                 | 2.25%                        |
| <b>Salary increases</b>          | 2.75% to 8.25% (MSEP)        |
|                                  | 2.5% to 4.7% (Judicial Plan) |
| <b>Wage Inflation</b>            | 2.25%                        |
| <b>Investment rate of return</b> | 6.95%                        |

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study covering the five year period ended June 30, 2015, that was performed in 2016. In addition, based upon this study, the Board voted to reduce the investment return assumption to 6.95%, lower the inflation assumption and payroll growth assumption, and to lower the wage growth assumption to 2.50%. The cost of living adjustment (COLA) assumption was lowered from 1.88% to 1.80% when no minimum COLA is in effect (80% of price inflation).

**Mortality.** Mortality rates for post-retirement mortality are based on the RP-2014 Healthy Annuitant mortality table, projected to 2026 with Scale MP-2015 and scaled by 120%. The pre-retirement mortality table used is the RP-2014 Employee mortality table, projected to 2026 with Scale MP-2015 and scaled by 95% for males and 90% for females for the MSEP.

**Long Term Expected Rate of Return.** The long term expected rate of return on pension plan investments was determined using a building block method in

which best estimates rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adjusting for expected inflation, volatility and correlations. Best estimates of the real rates of return expected for both the old and new portfolio are summarized in the following table:

## Asset Class Allocation - Old Portfolio

| Asset Class                                   | Policy Allocation | Long-term Expected-Nominal Return* | Weighted Average Long-Term Expected Nominal Return |
|---|-------------------|------------------------------------|--|
| Opportunistic global equity                   | 38.0%             | 8.3%                               | 3.1%   |
| Nominal bonds                                 | 44.0              | 3.3                                | 1.5  |
| Commodities                                   | 20.0              | 7.8                                | 1.6  |
| Inflation-protected bonds                     | 39.0              | 2.4                                | 0.9  |
| Alternative beta                              | 31.0              | 6.6                                | 2.0  |
| Cash and Cash Equivalents **                  | (72.0)            | 1.0                                | (0.7)  |
|   | 100%              |                                    | 8.4  |
| Correlation/Volatility Adjustment             |                   |                                    | (0.7)%   |
| Long-Term Expected Net Nominal Returns        |                   |                                    | 7.7%   |
| Less: Investment Inflation Assumption         |                   |                                    | (2.5)%   |
| Long-Term Expected Geometric Net Real Returns |                   |                                    | 5.2%   |

\*Long-term expected arithmetic returns of the asset classes at the time of the asset allocation study for each portfolio.

\*\*Cash and cash equivalents policy allocation amounts are negative due to the use of leverage.

## Asset Class Allocation - New Portfolio

| Asset Class                                  | Policy Allocation | Long-term Expected-Nominal Return* | Weighted Average Long-Term Expected Nominal Return |
|--|-------------------|------------------------------------|--|
| Global public equities                       | 30.0%             | 7.7%                               | 2.3%   |
| Global private equities                      | 15.0              | 9.3                                | 1.4  |
| Long treasuries                              | 25.0              | 3.5                                | 0.9  |
| Core bonds                                   | 10.0              | 3.1                                | 0.3  |
| Commodities                                  | 5.0               | 5.5                                | 0.3  |
| TIPS   | 25.0              | 2.7                                | 0.7  |
| Private real assets                          | 5.0               | 7.1                                | 0.3  |
| Public real assets                           | 5.0               | 7.7                                | 0.4  |
| Hedge funds                                  | 5.0               | 4.8                                | 0.2  |
| Alternative beta                             | 10.0              | 5.3                                | 0.5  |
| Private credit                               | 5.0               | 9.5                                | 0.5  |
| Cash and cash equivalents**                  | (40.0)            | -                                  | -  |
|  | 100.0%            |                                    | 7.8  |
| Correlation/Volatility Adjustment            |                   |                                    | (0.6)  |
| Long-Term Expected Net Nominal Return        |                   |                                    | 7.2%   |
| Less: Investment Inflation Assumption        |                   |                                    | (1.9)%   |
| Long-Term Expected Geometric Net Real Return |                   |                                    | 5.3%   |

\*Long-term expected arithmetic returns of the asset classes at the time of the asset allocation study for each portfolio.

\*\*Cash and cash equivalents policy allocation amounts are negative due to the use of leverage.

**Discount rate.** The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods

of projected benefit payments to determine the total pension liability.

**Sensitivity of the proportionate share of the net pension liability to changes in the discount rate.** The following presents MCHCP’s proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what MCHCP’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.95) percent or 1 percentage point higher (7.95) percent than the current rate:

## Sensitivity of the Net Pension Liability to Changes in the Discount Rate

|  | 1% Decrease<br>(5.95%) | Current Discount Rate<br>(6.95%) | 1% Increase<br>(7.95%) |
|--|------------------------|----------------------------------|------------------------|
| MCHCP’s proportionate share of the net pension liability | \$11,371,075           | \$9,081,290                      | \$7,155,402            |

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued MOSERS financial report.

**Pension Expense.** For the year ended June 30, 2021, MCHCP recognized pension expense of \$1,182,755.

**Deferred Outflows of Resources and Deferred Inflows of Resources.** At June 30, 2021, MCHCP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## Deferred Outflows/Inflows of Resources Related to Pensions

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$4,113                           | \$94,325                         |
| Changes of assumptions   | 240,027                           | 0                                |
| Net difference between projected and actual earnings on pension plan investments                           | 482,131                           | 0                                |
| Changes in proportion and differences between MCHCP contributions and proportionate share of contributions | 0                                 | 231,137                          |
| MCHCP contributions subsequent to the measurement date of 6-30-20  | 656,169                           | -----                            |
| <b>Total</b>   | <b>\$1,382,440</b>                | <b>\$325,462</b>                 |

MCHCP amounts reported as deferred outflows of resources related to pensions resulting from MCHCP contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022, of MCHCP's financial

statements. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in MCHCP's fiscal year following MOSERS' fiscal year as follows:

## Projected Recognition of Deferred Outflows/(Inflows)

### Plan Year ending June 30:

|            |           |
|------------|-----------|
| 2021       | \$190,186 |
| 2022       | 58,647    |
| 2023       | 109,797   |
| 2024       | 42,179    |
| Thereafter | -         |

**Payables to the pension plan.** As of June 30, 2021, MCHCP did not report any payables to MOSERS.



## K. Deferred Compensation Plan

The State of Missouri Deferred Compensation Plan is a voluntary defined contribution plan offered in compliance with IRS Code Sections 457 and 401(a). The Plan is administered by MOSERS in accordance with Sections 105.900 to 105.927 of the Revised Statutes of Missouri. MOSERS has retained MissionSquare Retirement for participant account record keeping and processing services. The Plan offers all state employees the opportunity to save for retirement with before and after tax (Roth) money. New permanent full-time and part-time employees are automatically enrolled in the plan at a 1% contribution per pay period made via payroll deduction.

Audited financial statements for the State of Missouri Deferred Compensation Plan can be viewed online at [www.moderredcomp.org](http://www.moderredcomp.org).

## L. Employee Assistance Program

An employee assistance benefit program is offered to all State employees and their immediate families. The program, serviced through ComPsych, offers six free mental health counseling sessions per problem, per year and can be accessed 24 hours a day through a toll-free number.

## M. Post-Employment Retiree Health Care

Employees may participate in state-sponsored medical coverage in retirement based on Plan criteria. At June 30, 2020, there were 22,552 retirees and their dependents who met these eligibility requirements. For the year ended June 30, 2021, expenditures (net of retiree contributions) of \$113.6 million were recognized for post-retirement medical insurance coverage under the self-funded PPO Plan. In addition to the pension benefits described in Note J, the Plan operates a cost sharing multiple employer, defined benefit OPEB plan, the State Retiree Welfare Benefit Trust (SRWBT). Employees may participate at retirement if eligible to receive a monthly retirement benefit from either the Missouri Employees' Retirement System (MOSERS) or another retirement system whose members are grandfathered for coverage

under the plan by law. The terms and conditions governing postemployment benefits, are vested with the MCHCP Board of Trustees within the authority granted under Chapter 103 of the Revised Statutes of Missouri (2000) as amended ("RSMo") 103.003 through 103.178.

**Plan Membership.** At June 30, 2021, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits - 16,719

Inactive plan members entitled to but not yet receiving benefits\*- 0

Active plan members - 33,006

Active/Inactive plan members who may become eligible to receive benefits - 3,122

\*Once an inactive member (retiree, survivor, disabled, or vested) member terminates his/her coverage, he/she is not eligible to re-enroll at a later date.

**Basis of Accounting.** The SRWBT Plan's financial statements are prepared using the accrual basis of accounting, in accordance with GASB Statement No. 74. The assets of the SRWBT are irrevocable and legally protected from creditors and dedicated to providing postemployment benefits in accordance with terms of the plan. The SRWBT does not issue a separate financial report.

**Contributions.** Contributions are established and may be amended by the MCHCP Board of Trustees within the authority granted under Chapter 103 of the Revised Statutes of Missouri (2000) as amended (“RSMo”) 103.003 through 103.178. The Plan contributes 2.5% of the Plan’s PPO 1250 plan premium for each year of the employee’s service capped at a maximum contribution of 65%. For the year ended June 30, 2021, participants contributed \$43.3 million toward their required contributions.

**Investments.** The Board of Trustees adopted an asset allocation model for the SRWBT that implemented a moderate investment approach to steadily increase the exposure of the SRWBT to higher return asset classes over time. Exposure to equities will be through a combination of actively managed index funds and/or exchange traded funds that are highly rated and reviewed regularly. Allocations are back-tested, and future assets are projected in all models. No significant changes in the SRWBT investment strategy occurred during the reporting period. The following was the asset allocation at June 30, 2021:

| Asset Class           | Target Allocation | Long-Term Nominal Rate of Return |
|-----------------------|-------------------|----------------------------------|
| Domestic LC Equity    | 18%               | 8.5%                             |
| Domestic MC Equity    | 7%                | 8.8%                             |
| Domestic SC Equity    | 9%                | 8.8%                             |
| Global Equity         | 5%                | 8.9%                             |
| Domestic Fixed Income | 59%               | 2.7%                             |
| Cash Equivalents      | 2%                | 2.2%                             |
|                       | <hr/> 100% <hr/>  |                                  |

**Rate of Return.** For the year ended June 30, 2021, the annual money weighted rate of return on investments, net of investment expense, was 14.40%. The money weighted rate of return expresses investment

performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial valuations are developed based upon economic assumptions that are appropriate for the purpose of the measurements, take into account relevant historical and current data, reflect estimates of future experience are free of bias, and include demographic actuarial assumptions that are considered to be reasonable and within a best projection range as described by the Actuarial Standards of Practice. Future actuarial measurements may differ from the current measurements presented in this report due to many factors, including plan experience differing from that anticipated by the economic or demographic assumptions and changes in plan provisions or applicable law.

Projections include a broad array of complex social and economic events, such as the emergence of new and expensive medical procedures and prescription drug options, changes in investment rates of return,

and other uncertainties. As such, the estimate of post-retirement program costs contains considerable uncertainty and variability, and actual experience may vary significantly from the current estimated obligation. Additional information as of the latest actuarial valuation is presented below.

**Actuarial Methods and Assumptions.** The actuarial calculations utilize methodologies and assumptions designed to reduce short-term volatility. The cost method utilized for the valuation year June 30, 2021, was the entry age normal, level percent of pay. Actuarial assumptions include a discount rate of 4.50%, a trend rate for non-Medicare benefits of 6.50% in fiscal year 2022, then decreasing by 0.25% per year until achieving an ultimate rate of 5.0% in fiscal year 2028. The UAAL is amortized as a level percent of pay on an open basis, over a 30 year period.

## OPEB Liability Assumptions

|   |   |
|---|---|
| <b>General Inflation Rate</b>                   | 3.00%   |
| <b>Discount Rate</b>                            | 4.50%   |
| <b>Expected Return on Assets</b>                | 4.50%   |
| <b>Municipal Bond Rate</b>                      | 2.16%   |
| <b>Compensation/Salary Increases</b>            | 4.00%   |
| <b>Health Care Cost Trend Rate (Med and RX)</b> | Non-Medicare 6.50% in fiscal 2022, decreasing by 0.25% per year until an ultimate of 5.00% in fiscal 2028.<br><br>Medicare 9.00% in fiscal year 2022, 13.50% in fiscal 2023, 12.50% in fiscal 2024, 11.50% in fiscal 2025, 10.50 % in fiscal 2026, 9.75% in fiscal 2027, 9.00% in fiscal 2028, 8.25% in fiscal 2029, 7.50% in fiscal 2030, 6.75% in fiscal 2031, 6.00% in fiscal 2032, 5.25% in fiscal 2033, then 5.00% in fiscal 2034 and after. |
| <b>Administration expense</b>                   | \$286 per person  |

**Net OPEB Liability.** The net OPEB liability under GASB 74 was calculated utilizing census data at 7/01/2021. Net OPEB liability as of June 30, 2021, was measured as of June 30, 2021 and the total OPEB

liability used to calculate the net OPEB liability was determined by the actuarial valuation as of June 30, 2021, and is presented below.

**Net OPEB Liability**  
*(in thousands)*

2021

|   |                    |
|---|--------------------|
| Net OPEB Liability Components:                                      |                    |
| Total OPEB Liability  | <b>\$1,898,163</b> |
| Plan Fiduciary Net Position   | <b>192,460</b>     |
| Net OPEB Liability  | <b>1,705,703</b>   |
| Plan Fiduciary Net Position as a Percentage of Total OPEB Liability | <b>10.14%</b>      |

**Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates** *(in thousands)*

|                    |   |                                  |   |
|--------------------|---|----------------------------------|---|
|                    | 1% Decrease in Discount<br>Rate (3.50%) | Current Discount<br>Rate (4.50%) | 1% Increase in Discount<br>Rate (5.50%) |
| Net OPEB Liability | <b>\$2,038,867</b>                      | <b>1,705,703</b>                 | <b>1,442,179</b>                        |
|                    | 1% Decrease in Trend<br>Rates           | Current Trend<br>Rates           | 1% Increase in Trend<br>Rates           |
| Net OPEB Liability | <b>\$1,437,990</b>                      | <b>1,705,703</b>                 | <b>2,044,249</b>                        |

**Development of Discount Rate.** The discount rate was determined as a blend of the best estimate of the expected return on plan assets and, the 20 year high quality municipal bond rate as of the measurement date. For years where expected benefit payments can be covered by projected trust assets, expected returns are used. For years where payments are not expected

to be covered by trust assets, the municipal bond rate is utilized.

MCHCP as an entity is funded through the administrative expense charged to other component units through the contribution rate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. All state agencies and component units are included in the state's post employment retiree health care calculations.

For fiscal year 2021, MCHCP contributed \$122,983 for its employees in accordance with the state's funding policy for post employment retiree health care. These financial statements include the OPEB Plan in which MCHCP participates.

## **N. Risk and Uncertainties.**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. While this matter is expected to produce global impact, the related financial impact cannot be reasonably estimated at this time.







## Required Supplementary Information

## Schedule of Claims Development

### State Actives & Retirees

|  | 2021<br>Total                  | 2021<br>Active                 | 2021<br>Retiree                |
|--|--------------------------------|--------------------------------|--------------------------------|
| <b>Fiscal Year</b>   | July 1, 2020-<br>June 30, 2021 | July 1, 2020-<br>June 30, 2021 | July 1, 2020-<br>June 30, 2021 |
| Required contribution &<br>investment income   | <b>\$733,876,694</b>           | <b>\$544,389,021</b>           | <b>\$189,487,673</b>           |
| Administrative and<br>third-party expenses   | <b>23,874,458</b>              | <b>16,026,341</b>              | <b>7,848,117</b>               |
| <b>Estimated Incurred Claims &amp;<br/>Expenses End of Policy Year</b>                                 | <b>\$710,002,236</b>           | <b>\$528,362,680</b>           | <b>\$181,639,556</b>           |
| <b>Paid Claims Summary</b>   |                                |                                |                                |
| Paid (cumulative) as of  | July 1, 2020-<br>June 30, 2021 | July 1, 2020-<br>June 30, 2021 | July 1, 2020-<br>June 30, 2021 |
| <b>End of Policy Year</b>  | <b>\$435,011,000</b>           | <b>\$332,943,000</b>           | <b>\$102,068,000</b>           |
| One year later   | -                              | -                              | -                              |
| Two years later  | -                              | -                              | -                              |
| <b>Incurred Claims Summary</b>   |                                |                                |                                |
| Re-estimated incurred claims<br>& expenses   | July 1, 2020-<br>June 30, 2021 | July 1, 2020-<br>June 30, 2021 | July 1, 2020-<br>June 30, 2021 |
| <b>End of policy year</b>  | <b>\$478,099,000</b>           | <b>\$370,567,000</b>           | <b>\$107,532,000</b>           |
| One year later   | -                              | -                              | -                              |
| Two years later  | -                              | -                              | -                              |
| <b>Increase (Decrease) in Estimated<br/>Incurred Claims &amp; Expenses from<br/>End of Policy Year</b> | <b>\$231,903,236</b>           | <b>\$157,795,680</b>           | <b>\$74,107,556</b>            |

| 2020<br>Total                  | 2020<br>Active                 | 2020<br>Retiree                | 2019<br>Total                  | 2018<br>Total                  |
|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| July 1, 2019-<br>June 30, 2020 | July 1, 2019-<br>June 30, 2020 | July 1, 2019-<br>June 30, 2020 | July 1, 2018-<br>June 30, 2019 | July 1, 2017-<br>June 30, 2018 |
| <b>\$675,597,775</b>           | <b>\$509,013,633</b>           | <b>\$166,584,142</b>           | <b>\$690,093,316</b>           | <b>\$602,658,593</b>           |
| <b>22,942,949</b>              | <b>15,634,293</b>              | <b>7,308,656</b>               | <b>22,034,498</b>              | <b>23,583,320</b>              |
| <b>\$652,654,826</b>           | <b>\$493,379,340</b>           | <b>\$159,275,486</b>           | <b>\$668,058,818</b>           | <b>\$579,075,273</b>           |
| July 1, 2019-<br>June 30, 2020 | July 1, 2019-<br>June 30, 2020 | July 1, 2019-<br>June 30, 2020 | July 1, 2018-<br>June 30, 2019 | July 1, 2017-<br>June 30, 2018 |
| <b>\$437,657,000</b>           | <b>\$343,166,000</b>           | <b>\$94,491,000</b>            | <b>\$501,411,000</b>           | <b>\$508,659,000</b>           |
| <b>468,849,000</b>             | <b>371,458,000</b>             | <b>97,391,000</b>              | <b>533,905,000</b>             | <b>557,451,000</b>             |
| -                              | -                              | -                              | <b>534,058,000</b>             | <b>557,723,000</b>             |
| July 1, 2019-<br>June 30, 2020 | July 1, 2019-<br>June 30, 2020 | July 1, 2019-<br>June 30, 2020 | July 1, 2018-<br>June 30, 2019 | July 1, 2017-<br>June 30, 2018 |
| <b>\$473,100,000</b>           | <b>\$375,136,000</b>           | <b>\$97,964,000</b>            | <b>\$544,543,000</b>           | <b>\$560,911,000</b>           |
| <b>471,493,000</b>             | <b>373,999,000</b>             | <b>97,494,000</b>              | <b>534,194,000</b>             | <b>557,845,000</b>             |
| -                              | -                              | -                              | <b>534,058,000</b>             | <b>557,723,000</b>             |
| <b>\$179,554,826</b>           | <b>\$118,243,340</b>           | <b>\$61,311,486</b>            | <b>\$123,515,818</b>           | <b>\$18,164,273</b>            |

# Summary of Key Actuarial Methods and Assumptions

## State Retiree Welfare Benefit Trust

| Fiscal Year  | 2021   | 2020  | 2019  |
|--|--|---|---|
| Valuation Year   | July 1, 2020-<br>June 30, 2021   | July 1, 2019-<br>June 30, 2020  | July 1, 2017<br>June 30, 2018   |
| Actuarial cost method  | Entry age normal,<br>level percent of pay  | Entry age normal,<br>level percent of pay   | Entry age normal,<br>level percent of pay   |
| Amortization method  | 30 years, open,<br>level percent of pay  | 30 years, open,<br>level percent of pay   | 30 years, open,<br>level percent of pay   |
| Asset valuation<br>method  | Market Value   | Market Value  | Market Value  |
| <b>Actuarial Assumptions</b>   |  |   |   |
| Discount Rate  | June 30, 2020 4.38%<br>June 30, 2021 4.50%   | June 30, 2019 5.24%<br>June 30, 2020 4.38   | 5.24%   |
| Projected payroll<br>growth rate   | 4.0%   | 4.0%  | 4.0%  |
| Health care cost trend<br>rate (Medical &<br>prescription drugs<br>combined) | Non-Medicare 6.50%<br>in fiscal year 2022, then<br>decreasing by 0.25% per<br>year until an ultimate of<br>5.00% in fiscal 2028.<br><br>Medicare 9.00% in fiscal<br>year 2022, 13.50% in 2023,<br>12.50% in fiscal 2024,<br>11.50% in fiscal 2025,<br>10.50% in fiscal 2026,<br>9.75% in fiscal 2027, 9.00%<br>in fiscal 2028, 8.25% in<br>fiscal 2029, 7.50% in fiscal<br>2030, 6.75% in fiscal 2031,<br>6.00% in fiscal 2032, 5.25%<br>in fiscal 2033, then 5.00% in<br>fiscal 2034 and after. | Non-Medicare 5.75%<br>in fiscal year 2020, then<br>decreasing by 0.25% per<br>year until an ultimate of<br>5.00% in fiscal 2023 and<br>after.<br><br>Medicare 10.00% in fiscal<br>year 2020, 22.00% in fiscal<br>2021, 10.00% in fiscal<br>2022 and 2023, 9.50%<br>in fiscal 2024, 9.00% in<br>fiscal 2025, 8.50% in fiscal<br>2026, then 8.00% in fiscal<br>2027 decreasing by 1.0%<br>per year until an ultimate<br>rate of 5.00% in fiscal year<br>2030 and after. | Non Medicare 6.00% in<br>fiscal year 2019; decreasing<br>by 0.25% per year until an<br>ultimate of 5.00% in 2023.<br><br>Medicare 10.0% in fiscal year<br>2019 and 2020, 22.00% in<br>fiscal 2021, 10.00% in fiscal<br>2022 and 2023, 9.50% in<br>fiscal 2024, 9.00 % in fiscal<br>2025, 8.50% in fiscal 2026,<br>then 8.00% in fiscal 2027<br>decreasing by 1.0% per year<br>until an ultimate of 5.00% in<br>fiscal year 2030 and after |

| 2018   | 2017   | 2016   | 2015  |
|--|--|--|---|
| July 1, 2017<br>June 30, 2018  | July 1, 2016-<br>June 30, 2017   | July 1, 2015-<br>June 30, 2016   | July 1, 2014-<br>June 30, 2015  |
| <b>Entry age normal,<br/>level percent of pay</b>  | <b>Entry age normal,<br/>level percent of pay</b>  | <b>Entry age normal,<br/>level percent of pay</b>  | <b>Entry age normal,<br/>level percent of pay</b>   |
| <b>30 years, open,<br/>level percent of pay</b>  | <b>30 years, open,<br/>level percent of pay</b>  | <b>30 years, open,<br/>level percent of pay</b>  | <b>30 years, open,<br/>level percent of pay</b>   |
| <b>Market Value</b>  | <b>Market Value</b>  | <b>Market Value</b>  | <b>Market Value</b>   |
| <b>5.9%</b>  | <b>5.71%</b>   | <b>6.0%</b>  | <b>6.0%</b>   |
| <b>4.0%</b>  | <b>4.0%</b>  | <b>4.0%</b>  | <b>4.0%</b>   |
| Non Medicare 6.25%<br>in fiscal year 2018;<br>decreasing by 0.25%<br>per year until an ultimate<br>of 5.00% in 2023.<br>Medicare 7.25% in fiscal<br>year 2018; decreasing by<br>0.25% per year until an<br>ultimate of 5.00% in fiscal<br>year 2027 and after. | Non Medicare is 6.5%<br>for fiscal year 2017;<br>the rate decreases by<br>0.25% per year to an<br>ultimate rate of 5% in<br>fiscal year 2023 and<br>later. Medicare is 7.5%<br>for fiscal year 2017; the<br>rate decreases by 0.25%<br>per year until reaching<br>the ultimate rate of 5.0%<br>in fiscal year 2027 and<br>after. | Non Medicare is 6.5%<br>for fiscal year 2016; the<br>rate decreases by 0.3%<br>per year to an ultimate<br>rate of 5% in fiscal year<br>2021 and later. Medicare<br>is 6.6% for fiscal year<br>2016; the rate decreases<br>by 0.4% per year through<br>fiscal year 2019, then<br>by 0.2% per year until<br>reaching the ultimate rate<br>of 5% in fiscal 2021 and<br>later. | Non-Medicare is 6.8%<br>for fiscal year 2015; the<br>rate decreases by 0.3%<br>per year to an ultimate<br>rate of 5.0% in fiscal year<br>2021 & later.<br>Medicare is 7.0% for<br>fiscal year 2015; the rate<br>decreases by 0.4% per<br>year through fiscal year<br>2019, then by 0.2% per<br>year until reaching the<br>ultimate rate of 5.0% in<br>fiscal year 2021 & later. |

## Schedule of Changes in the Net OPEB Liability and Related Ratios (in thousands)

Fiscal Year Ending

|   | 2021             | 2020             | 2019             | 2018             |
|---|------------------|------------------|------------------|------------------|
| <b>Total OPEB liability</b>   |                  |                  |                  |                  |
| Service cost  | \$42,308         | \$36,901         | \$30,949         | \$31,360         |
| Interest  | 85,571           | 100,513          | 112,057          | 107,769          |
| Changes in benefit terms  | -                | -                | (67,962)         | -                |
| Differences between expected and actual experience                        |                  | 23,400           | 43,317           | (12,071)         |
| Demographic (gains)/losses  | 3,649            | -                | -                | -                |
| Changes of assumptions  | (114,410)        | (73,307)         | (38,191)         | (52,758)         |
| Benefit payments  | (60,021)         | (54,752)         | (79,212)         | (69,090)         |
| Net change in total OPEB liability  | (42,903)         | 32,755           | 958              | 5,210            |
| Total OPEB liability - beginning  | 1,941,066        | 1,908,311        | 1,907,353        | 1,902,143        |
| <b>Total OPEB liability - ending (a)</b>                                  | <b>1,898,163</b> | <b>1,941,066</b> | <b>1,908,311</b> | <b>1,907,353</b> |
| Plan fiduciary net position   |                  |                  |                  |                  |
| Contributions - employer  | 74,330           | 72,339           | 82,620           | 68,902           |
| Contributions - employee  | 43,275           | 43,318           | 51,242           | 53,157           |
| Net investment income   | 18,259           | 2,755            | 6,208            | 4,679            |
| Benefit payments, including refunds of employee contributions             | (149,072)        | (138,934)        | (165,127)        | (150,607)        |
| Retiree drug subsidy and other rebates                                    | 53,624           | 48,172           | 41,545           | 35,502           |
| <b>Other</b>  | <b>(7,848)</b>   | <b>(7,308)</b>   | <b>(6,872)</b>   | <b>(7,142)</b>   |
| Net change in fiduciary net position                                      | 32,568           | 20,342           | 9,616            | 4,491            |
| Plan fiduciary net position - beginning                                   | 159,892          | 139,550          | 129,934          | 125,443          |
| Plan fiduciary net position - ending (b)                                  | 192,460          | 159,892          | 139,550          | 129,934          |
| <b>Net OPEB liability- ending (a) - (b)</b>                               | <b>1,705,703</b> | <b>1,781,174</b> | <b>1,768,761</b> | <b>1,777,419</b> |
| Plan's fiduciary net position as a percentage of the total OPEB liability | 10.14%           | 8.24%            | 7.31%            | 6.81%            |
| Covered payroll   | 1,724,445        | 1,601,067        | 1,611,972        | 1,604,410        |
| Net OPEB liability as a percentage of covered payroll                     | 98.91%           | 111.25%          | 109.73%          | 110.78%          |



| 2017                 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------|------|------|------|------|------|
| <b>\$29,158</b>      |      |      |      |      |      |
| <b>104,472</b>       |      |      |      |      |      |
| -                    |      |      |      |      |      |
| -                    |      |      |      |      |      |
| <b>(2,619)</b>       |      |      |      |      |      |
| -                    |      |      |      |      |      |
| <b>(66,780)</b>      |      |      |      |      |      |
| <hr/>                |      |      |      |      |      |
| <b>64,231</b>        |      |      |      |      |      |
| <b>1,837,912</b>     |      |      |      |      |      |
| <br><b>1,902,143</b> |      |      |      |      |      |
| <hr/>                |      |      |      |      |      |
| <b>67,399</b>        |      |      |      |      |      |
| <b>52,170</b>        |      |      |      |      |      |
| <b>7,839</b>         |      |      |      |      |      |
| <b>(142,154)</b>     |      |      |      |      |      |
|                      |      |      |      |      |      |
| <b>30,514</b>        |      |      |      |      |      |
| <b>(7,311)</b>       |      |      |      |      |      |
| <hr/>                |      |      |      |      |      |
| <b>8,457</b>         |      |      |      |      |      |
| <br><b>116,985</b>   |      |      |      |      |      |
| <br><b>125,443</b>   |      |      |      |      |      |
| <br><b>1,776,700</b> |      |      |      |      |      |
| <br><b>6.59%</b>     |      |      |      |      |      |
| <b>1,609,515</b>     |      |      |      |      |      |
| <br><b>110.39%</b>   |      |      |      |      |      |
| <hr/>                |      |      |      |      |      |

(Historical information prior to implementation of GASB 74/75 is not required)

(Historical information prior to implementation of GASB 74/75 is not required)

(Historical information prior to implementation of GASB 74/75 is not required)

## Schedule of Funding Progress *(in millions)*

### State Retiree Welfare Benefit Trust

| Fiscal Year Ending   | 2021      | 2020      | 2019      | 2018      |
|--|-----------|-----------|-----------|-----------|
| Actuarial Value of Assets (a)                                | \$192.5   | \$159.9   | \$139.6   | \$129.9   |
| Actuarial Accrued Liability (AAL) <sup>1</sup> (b)           | \$1,941.1 | \$1,908.3 | \$1,907.4 | \$1,902.1 |
| Unfunded/(Overfunded)<br>AAL (UAAL) (b) - (a)                | \$1,748.6 | \$1,748.4 | \$1,767.8 | \$1,772.2 |
| Funded Ratio (a) / (b)                                       | 9.9%      | 8.4%      | 7.3%      | 6.8%      |
| Covered Payroll (c)  | \$1,724.4 | \$1,601.1 | \$1,612.0 | \$1,604.4 |
| UAAL as a Percentage of<br>Covered Payroll [(b) - (a) / (c)] | 101.4%    | 109.2%    | 109.7%    | 110.5%    |

<sup>1</sup> Total Actuarial Accrued Liability (AAL) was measured as of the beginning of the fiscal year.

## Schedule of Employer Contributions *(in millions)*

### State Retiree Welfare Benefit Trust

|  | 2021    | 2020    | 2019     | 2018    | 2017    | 2016    | 2015    | 2014    | 2013    | 2012    |
|--|---------|---------|----------|---------|---------|---------|---------|---------|---------|---------|
| Actuarially<br>Determined<br>Contribution<br>(ADC)           | \$109.5 | \$112.1 | \$113.4  | \$113.2 | \$106.8 | \$96.6  | \$103.7 | \$100.1 | \$93.4  | \$100.8 |
| Annual<br>Contribution                                       | 74.3    | 72.3    | 82.6     | 68.9    | 67.4    | 66.2    | 62.6    | 56.3    | 54.0    | 57.1    |
| Contribution<br>deficiency<br>(excess)                       | 35.2    | 39.8    | 30.8     | 44.3    | 39.4    | 30.4    | 41.1    | 43.8    | 39.4    | 43.7    |
| Covered<br>payroll   | 1,724.4 | 1,601.1 | 1,612.01 | 1,604.4 | 1,609.5 | 1,586.5 | 1,583.7 | 1,566.7 | 1,552.7 | 1,534.2 |
| Percentage of<br>(ADC)<br>Contributed                        | 67.9%   | 64.5%   | 72.8%    | 60.9%   | 63.1%   | 68.5%   | 60.4%   | 56.2%   | 57.8%   | 56.6%   |
| Contributions<br>as a<br>percentage<br>of covered<br>payroll | 4.3%    | 4.5%    | 5.1%     | 4.3%    | 4.2%    | 4.2%    | 4.0%    | 3.6%    | 3.5%    | 3.7%    |

The state provided benefit payments and administrative costs of \$74.3M in fiscal year 2021. The Statement of Changes in Fiduciary Net Position provides more details concerning these amounts.

| 2017      | 2016      | 2015      | 2014      | 2013      | 2012      |
|-----------|-----------|-----------|-----------|-----------|-----------|
| \$125.4   | \$117.0   | \$106.9   | \$102.3   | \$89.5    | \$83.6    |
| \$1,837.9 | \$1,730.7 | \$1,813.5 | \$1,649.5 | \$1,485.6 | \$1,594.5 |
| \$1,712.5 | \$1,613.7 | \$1,706.6 | \$1,547.2 | \$1,396.1 | \$1,510.9 |
| 6.8%      | 6.8%      | 5.9%      | 6.2%      | 6.0%      | 5.2%      |
| \$1,609.5 | \$1,586.5 | \$1,583.7 | \$1,566.7 | \$1,552.7 | \$1,534.2 |
| 106.4%    | 101.7%    | 107.8%    | 98.8%     | 89.9%     | 98.5%     |

## Schedule of Annual Money-Weighted Rate of Return on Investments - OPEB Plan

| Year Ended<br>June 30 | Annual Money-Weighted Rate of Return - Net of Investment Expense |
|-----------------------|--|
| 2021                  | 14.40%   |
| 2020                  | 3.01   |
| 2019                  | 4.30   |
| 2018                  | 3.83   |
| 2017                  | 7.14   |

**NOTE:** This schedule will ultimately contain 10 years of data.

# Schedule of the Proportionate Share of the Net Pension Liability

## Missouri Consolidated Health Care Plan

|   | June 30,<br>2021   | June 30,<br>2020   | June 30,<br>2019   | June 30,<br>2018   | June 30,<br>2017   | June 30,<br>2016   |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| MCHCP's Proportion Of The Net Pension Liability (Asset)   | <b>0.14307%</b>    | <b>0.14785%</b>    | <b>0.1499%</b>     | <b>0.1532%</b>     | <b>0.1565%</b>     | <b>0.1600%</b>     |
| MCHCP's Proportionate Share Of The Net Pension Liability (Asset)  | <b>\$9,081,290</b> | <b>\$8,931,796</b> | <b>\$8,362,210</b> | <b>\$7,979,229</b> | <b>\$7,265,764</b> | <b>\$5,133,995</b> |
| MCHCP's Covered Payroll   | <b>\$2,867,872</b> | <b>\$2,858,662</b> | <b>\$2,913,724</b> | <b>\$3,016,171</b> | <b>\$3,031,348</b> | <b>\$3,095,028</b> |
| MCHCP's Proportionate Share Of The Net Pension Liability (Asset) As A Percentage Of Its Covered Payroll | <b>316.66%</b>     | <b>312.44%</b>     | <b>286.99%</b>     | <b>264.55%</b>     | <b>239.69%</b>     | <b>165.88%</b>     |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                              | <b>55.48%</b>      | <b>56.72%</b>      | <b>59.02%</b>      | <b>60.41%</b>      | <b>63.60%</b>      | <b>72.62%</b>      |

*\*Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.*

**NOTE:** This schedule will ultimately contain 10 years of data.

## Schedule of Contributions

### Missouri Consolidated Health Care Plan

|   | June 30,<br>2021   | June 30,<br>2020   | June 30,<br>2019   | June 30,<br>2018   | June 30,<br>2017   | June 30,<br>2016   |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Required contribution                                 | <b>\$656,169</b>   | <b>\$622,331</b>   | <b>\$580,484</b>   | <b>\$566,720</b>   | <b>\$514,420</b>   | <b>\$525,227</b>   |
| Contribution in relation to the required contribution | <b>\$656,169</b>   | <b>\$622,331</b>   | <b>\$580,484</b>   | <b>\$566,720</b>   | <b>\$514,420</b>   | <b>\$525,227</b>   |
| Contribution deficiency (excess)                      | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         |
| MCHCP's covered payroll                               | <b>\$2,867,872</b> | <b>\$2,858,662</b> | <b>\$2,872,260</b> | <b>\$2,913,724</b> | <b>\$3,031,348</b> | <b>\$3,095,028</b> |
| Contributions as a percentage of covered payroll      | <b>22.88%</b>      | <b>21.77%</b>      | <b>20.21%</b>      | <b>19.45%</b>      | <b>16.97%</b>      | <b>16.93%</b>      |

*\*Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.*

**NOTE:** This schedule will ultimately contain 10 years of data.

## Notes to Required Supplementary Information for the Year Ended June 30, 2021

### Changes of benefit terms or assumptions - Pension Plan

**Changes of assumptions.** The investment return assumption was lowered from 7.10% to 6.95%. The inflation assumptions were lowered from 2.35% to 2.25%. The general wage growth assumption was lowered from 2.60% to 2.50%. The payroll growth assumption was lowered from 2.35% to 2.25%. The COLA assumption was lowered from 1.88% to 1.80%.

### Changes of benefit terms or assumptions - OPEB Plan

**Changes of assumptions.** The discount rate was changed from 4.38% to 4.50%.

The mortality base tables were changed from RP-2016 to Pri-2012; the mortality projection scales were changed from MP-2016 to MP-2021. Per capita claims costs, administrative expenses and retiree contributions were updated based on analysis of 2022 rates. Trend rates were updated based on anticipated future experience.

## Schedule of Administrative Expenses for the Year Ended June 30, 2021

### State Retiree Welfare Benefit Trust

|  |             |
|--|-------------|
| Third Party Claims Administration Services | \$4,926,263 |
| Payroll and related Benefits               | 1,617,091   |
| Professional Services                      | 693,078     |
| General Administration                     | 417,231     |
| Employee Assistance Program                | 194,453     |

**\$7,848,116**

## Schedule of Investment Expenses for the Year Ended June 30, 2021

### State Retiree Welfare Benefit Trust

|  |           |
|--|-----------|
| Central Registered Investment Advisors | \$363,297 |
|--|-----------|

## Schedule of Professional Service Fees for the Year Ended June 30, 2021

### State Retiree Welfare Benefit Trust

|                                     |           |
|-------------------------------------|-----------|
| <i>Investment Advisory Services</i> |           |
| Central Bank                        | \$363,297 |
| <i>Consulting Services</i>          |           |
| IBM Watson Health                   | 137,828   |
| <i>Actuarial Services</i>           |           |
| Willis Towers Watson, LLC           | 125,130   |
| <i>General Services</i>             |           |
| Direct Path                         | 20,640    |
| Huber and Associates                | 4,032     |
| Konica                              | 126       |
| <i>Software Consulting</i>          |           |
| McCarthy and Company                | 6,167     |
| <i>Auditing Services</i>            |           |
| Pillar Rx                           | 23,968    |
| Armanino, LLP                       | 10,675    |
| <i>Legal Services</i>               |           |
| Stinson, LLP                        | 1,215     |

**\$693,078**





## Investments

# Investment Advisor Statement



November 22, 2021

Dear Board Members,

I am pleased to provide investment services to the Plan and present the Investment Advisor statement for the Missouri Consolidated Health Care Plan (MCHCP) for the fiscal year ended June 30, 2021.

The portfolio continues to be managed in line with the stated objectives of the investment policy while taking into account and managing for the associated risks of credit risk, liquidity risk, interest rate or market value risk and diversity of assets to avoid overconcentration. The approved strategy deploys a conservative to moderate amount of risk in investing.

Investment results for the portfolio are measured using the Modified Dietz methodology, which is a dollar-weighted analysis of portfolio return.

The Plan's State Retiree Welfare Benefit Trust (SRWBT) investment portfolio generated a return of 14.4% for fiscal year 2021 and Portfolio assets ended the year at slightly greater than \$138.2 million. The investment climate for fiscal year 2021 was extraordinary and it presented many unique challenges and opportunities due to the pandemic. The overall return was due to a strong recovery in the equity markets from the COVID-19 pandemic while the bond portion detracted from the returns. This along with the strong diversification and conservative strategies employed by the Plan and our advisory team has positioned us to assist MCHCP through these turbulent economic cycles

Over the past three years, the overall portfolio returned 7.24%, which slightly trailed its' benchmark of 7.82%, and for the past five years earning 6.54%.

FY2021 equity performance was driven by the re-opening of the economy along with a very easy monetary policy and unprecedented fiscal stimulus. The one year return was 44.7% which slightly trailed the benchmark of 45.0%.

The fixed income portfolio returned -.24% for the fiscal year, nearing the benchmark return of -.03%. Performance was impacted by the increasing interest rate environment.

Looking forward to FY 2022 our model anticipates:

- Interest rates will likely move higher into 2022
- Current valuation for U.S. equities remain high and returns may be constrained going forward

On behalf of Central Bank, we want to express our continued appreciation to the Board of Trustees and the staff of MCHCP for your partnership and support. The MCHCP relationship is one of our largest, and as such, we strive to devote a significant amount of time and energy to manage the Trust assets in the best possible manner.

Sincerely,

Joanne Schepeler, CFP®  
Vice-President

PO Box 779, 238 Madison Street  
Jefferson City, MO 65101

## Schedule of Investment Results (Net of Management Fees)

State Retiree Welfare Benefit Trust

FY Ended June 30, 2021

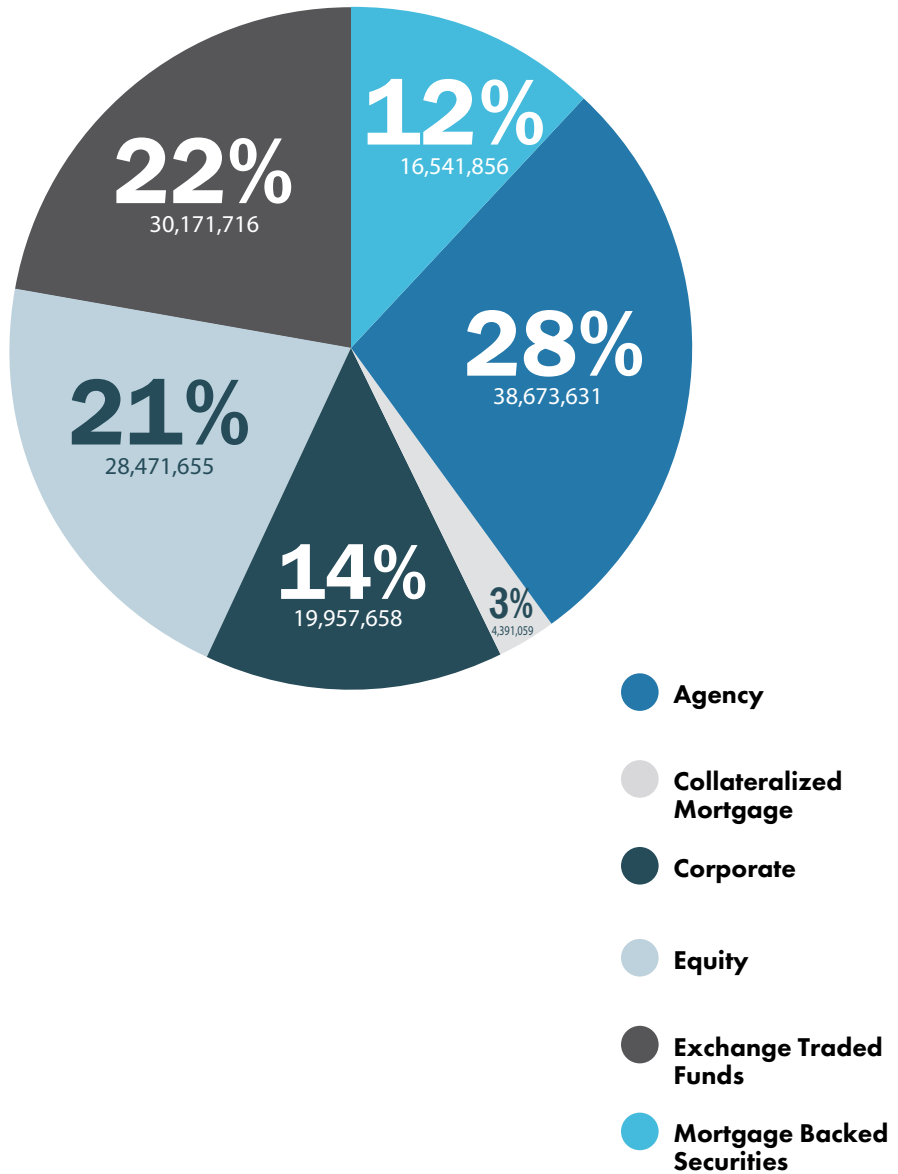
|   | 1 Year         | 3 Years       | 5 Years       |
|---|----------------|---------------|---------------|
| Total Fund:   | <b>14.40%</b>  | <b>7.24%</b>  | <b>6.54%</b>  |
| Policy Benchmark:                                     | <b>15.06%</b>  | <b>7.82%</b>  | <b>6.76%</b>  |
| US TSY/AGY/MBS/CMO/Corporate Portfolio                | <b>(0.24%)</b> | <b>3.25%</b>  | <b>1.63%</b>  |
| *ICE BofA Year US Corporate, Government & Mortgage    | <b>(0.03%)</b> | <b>4.25%</b>  | <b>1.91%</b>  |
| Large Cap Equities/Exchange Traded Products Portfolio | <b>44.66%</b>  | <b>15.72%</b> | <b>15.78%</b> |
| Equity Composite (LC 50%/MC 15%/SC 20%/GLBL 15%)      | <b>45.00%</b>  | <b>15.06%</b> | <b>15.53%</b> |

**Rate of Return.** For the year ended June 30, 2021, the annual money weighted rate of return on investments, net of investment expense, was 14.40 percent. The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

\*Same benchmark as in past, name change

## Schedule of Asset Allocation

MCHCP Retiree Welfare Benefit Trust, Fiscal Year 2021



## List of Largest Assets Held

### State Retiree Welfare Benefit Trust

#### Top Ten Holdings at June 30, 2021

| Par Value/# Shares | Description  | Fair Value       |
|--------------------|--|------------------|
| <b>28,600</b>      | Vanguard Small Cap Exchange Traded Fund                    | <b>6,443,008</b> |
| <b>37,800</b>      | Ishares Trust Russell 2000 SC Value Exchange Traded Fund   | <b>6,266,106</b> |
| <b>77,850</b>      | Ishares Trust Russell Mid Cap Exchange Traded Fund         | <b>6,168,834</b> |
| <b>72,700</b>      | Ishares Trust MSCI EAFE Exchange Traded Fund               | <b>5,734,576</b> |
| <b>33,400</b>      | Ishares Trust Russell Mid Cap Growth Exchange Traded Funds | <b>3,780,880</b> |
| <b>1,625,000</b>   | Federal Home Loan Mtg Corp 1.0% Due 12/28/28               | <b>1,573,281</b> |
| <b>1,250,000</b>   | Federal Farm Credit Bank 0.80% Due 8/3/265                 | <b>1,250,068</b> |
| <b>19,560</b>      | Vanguard FTSE All World Ex US Exchange Traded Fund         | <b>1,239,908</b> |
| <b>1,200,000</b>   | Federal Home Loan Mtg Corp .55% Due 10/02/25               | <b>1,185,810</b> |
| <b>1,100,000</b>   | Federal Farm Credit Bank 1.33% Due 07/01/30                | <b>1,075,093</b> |

**NOTE:** For a complete list of holdings contact MCHCP.

## Schedule of Investment Fees

### State Retiree Welfare Benefit Trust

#### FY Ended June 30, 2021

|                                | Assets Under<br>Management | Fees             |
|--------------------------------|----------------------------|------------------|
| <b>U.S. Equities:</b>          |                            |                  |
| Actively Managed:              | <b>\$28,471,655</b>        | <b>\$69,495</b>  |
| Passively Managed:             | <b>22,658,828</b>          | <b>55,717</b>    |
| <b>International Equities:</b> |                            |                  |
| Passively Managed:             | <b>7,471,134</b>           | <b>15,599</b>    |
| <b>Fixed Income:</b>           |                            |                  |
| Passively Managed:             | <b>79,605,958</b>          | <b>222,486</b>   |
| <b>Total</b>                   | <b>\$138,207,575</b>       | <b>\$363,297</b> |

**NOTE:** All investment fees are paid to Central Registered Investment Advisors. All custodial fees are included in the management fees, no commissions are incurred.









# Actuarial

November 24, 2021

Missouri Consolidated Health Care Plan  
832 Weathered Rock Ct.  
PO Box 104355  
Jefferson City, MO 65110

Dear Board Members:

Missouri Consolidated Healthcare engaged Willis Towers Watson US, LLC ("Willis Towers Watson"), to value the Company's other postretirement benefit plan.

As requested by Missouri Consolidated Healthcare (MCHCP), the attached report documents the results of an actuarial valuation of the Missouri Consolidated Healthcare Plan (the Plan). The primary purpose of this valuation is to determine the Net OPEB Liability and the Actuarially Determined Contribution under GASB 74 for the fiscal year ended June 30, 2021. An actuarial valuation for this Plan is performed annually, and as such, the previous valuation report was for the fiscal year ended June 30, 2020.

The attached report is provided subject to the terms set out herein in our contract and the accompanying General Terms and Conditions of Business. The attached report is provided solely for MCHCP's use and for the specific purposes indicated above. It may not be suitable for use in any other context or for any other purpose.

Except where we expressly agree in writing, the attached report should not be disclosed or provided to any third party, other than as provided below. In the absence of such consent and an express assumption of responsibility, no responsibility whatsoever is accepted by us for any consequences arising from any third party relying on the attached report or any advice relating to its contents.

MCHCP may make a copy of the attached report available to its auditors, but we make no representation as to the suitability of the attached report for any purpose other than that for which it was originally provided and accept no responsibility or liability to MCHCP's auditors in this regard. MCHCP should draw the provisions of this paragraph to the attention of its auditors when passing the attached report to them.

Willis Towers Watson

101 S. Hanley Road  
St. Louis, Missouri 63105

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Page 1 of 3

In preparing these results, we have relied upon information and data provided to us orally and in writing by MCHCP and other persons or organizations designated by MCHCP. We have relied on all the data and information provided, including Plan provisions, membership data and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have performed limited checks for consistency.

The attached report does not determine liabilities on a plan termination basis, for which separate extensive analyses would be required.

The results summarized in the attached report involve actuarial calculations that require assumptions about future events. MCHCP is responsible for the selection of the assumptions, as described in Appendix A. We believe that the assumptions used in the attached report are within the range of possible assumptions that are reasonable for the purposes for which they have been used. The assumptions and methods used for funding purposes meet the parameters set by the Actuarial Standards of Practice.

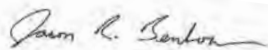
Effects of COVID-19 on the financial markets, regulations, and experience are uncertain and still evolving. The results in this report make no allowances for the effects of COVID-19. There may be significant effects on plan experience and/or assumptions, both demographic and economic, as well as the possibility of related changes in certain plan provisions, used for future measurements.

The results shown in the attached report have been developed based on economic assumptions that are appropriate for the purpose of the measurements, take into account relevant historical and current data, reflect estimates of future experience and have no significant bias, as well as demographic actuarial assumptions that are considered to be reasonable and within the "best-estimate range" and meet the guidelines set by the Actuarial Standards of Practice. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in the attached report could have been developed by selecting different, but still reasonable, assumptions. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

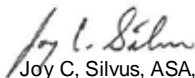
If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs or contribution requirements reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in the attached report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions and changes in plan provisions or applicable law. It is beyond the scope of this valuation to analyze the potential range of future Group Retiree Medical contributions, but we can do so upon request.

In our opinion, all calculations are in accordance with requirements of applicable governmental accounting standards, including GASB 74, and the procedures followed and the results presented are in conformity with applicable actuarial standards of practice. This valuation reflects our understanding of the relative provisions of GASB 74.

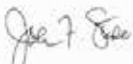
The undersigned are members of the Society of Actuaries and/or collectively meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to other postretirement benefit plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Willis Towers Watson US, LLC.



Jason R. Benbow, EA  
Valuation Actuary  
Willis Towers Watson



Joy C. Silvus, ASA, EA, MAAA  
Valuation Actuary  
Willis Towers Watson



John F. Stahl, FSA  
Pricing Specialist  
Willis Towers Watson

The Pricing Specialist is responsible for developing and/or determining the reasonableness of retiree welfare plan trend and participation assumptions as well as assumed per capita claims costs (including the aging/morbidity assumption if applicable). The Valuation Actuary is responsible for other aspects of the valuation (e.g., developing and/or reviewing the reasonableness of other valuation assumptions and methods, ensuring that the valuation model reasonably reflects the substantive plan and actual plan operation, preparing demographic data, performing the valuation, implementing the appropriate accounting or funding calculations, etc.).

*Please note we have provided the information used by staff to prepare the following items in the report: Net OPEB Liability, Sensitivity of the Net OPEB Liability to Changes in Discount Rates and Healthcare Cost Trend Rates, Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of Funding Progress, and Schedule of Employer Contributions.*

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## Purpose and Actuarial Statement

Missouri Consolidated Healthcare (the Company) engaged Willis Towers Watson US, LLC ("Willis Towers Watson"), to value the Company's other postretirement benefit plan.

As requested by Missouri Consolidated Healthcare (MCHCP), this report documents the results of an actuarial valuation of the Missouri Consolidated Healthcare Plan (the Plan). The primary purpose of this valuation is to determine the Net OPEB Liability and the Actuarially Determined Contribution under GASB 74 for the fiscal year ended June 30, 2021. An actuarial valuation for this Plan is performed annually, and as such, the previous valuation report was for the fiscal year ended June 30, 2020.

This report is provided subject to the terms set out herein in our contract and the accompanying General Terms and Conditions of Business. This report is provided solely for MCHCP's use and for the specific purposes indicated above. It may not be suitable for use in any other context or for any other purpose.

Except where we expressly agree in writing, this report should not be disclosed or provided to any third party, other than as provided below. In the absence of such consent and an express assumption of responsibility, no responsibility whatsoever is accepted by us for any consequences arising from any third party relying on this report or any advice relating to its contents.

MCHCP may make a copy of this report available to its auditors, but we make no representation as to the suitability of this report for any purpose other than that for which it was originally provided and accept no responsibility or liability to MCHCP's auditors in this regard. MCHCP should draw the provisions of this paragraph to the attention of its auditors when passing this report to them.

In preparing these results, we have relied upon information and data provided to us orally and in writing by MCHCP and other persons or organizations designated by MCHCP. We have relied on all the data and information provided, including Plan provisions, membership data and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have performed limited checks for consistency.

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The results summarized in this report involve actuarial calculations that require assumptions about future events. MCHCP is responsible for the selection of the assumptions, as described in Appendix A. We believe that the assumptions used in this report are within the range of possible assumptions that are reasonable for the purposes for which they have been used. The assumptions and methods used for funding purposes meet the parameters set by the Actuarial Standards of Practice.

Effects of COVID-19 on the financial markets, regulations, and experience are uncertain and still evolving. The results in this report make no allowances for the effects of COVID-19. There may be significant effects on plan experience and/or assumptions, both demographic and economic, as well as the possibility of related changes in certain plan provisions, used for future measurements.

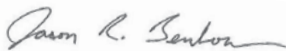


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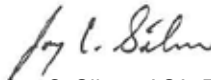
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In our opinion, all calculations are in accordance with requirements of applicable governmental accounting standards, including GASB 74, and the procedures followed and the results presented are in conformity with applicable actuarial standards of practice. This valuation reflects our understanding of the relative provisions of GASB 74.

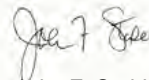
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# Section 1: Summary of Key Results

## Annual Required Contribution, Assets & Obligations

All monetary amounts shown in US Dollars

| Fiscal Year Ending             |  | 06/30/2021    |
|--------------------------------|--|---------------|
| <b>Annual Costs</b>            | Actuarially Determined Contribution (ADC)          | 109,487,222   |
| Measurement Date               |  | 06/30/2021    |
| <b>Plan Assets</b>             | Fiduciary Net Position (FNP)                       | 192,459,822   |
|                                | Return on Fiduciary Net Position during Prior Year | 18,258,737    |
| <b>Benefit Obligations</b>     | Actuarial Present Value (APV)                      | 2,197,672,526 |
|                                | Total OPEB Liability (TOL)                         | 1,898,162,988 |
| <b>Funded Ratios</b>           | Fiduciary Net Position to TOL                      | 10.14%        |
| <b>Assumptions<sup>1</sup></b> | Discount Rate                                      | 4.50%         |
|                                | Rate of Compensation/Salary Increase               | 4.00%         |
|                                | Current Health Care Cost Trend Rate                |               |
|                                | Non-Medicare                                       | 6.50%         |
|                                | Medicare   | 9.00%         |
|                                | Ultimate Health Care Cost Trend Rate               | 5.00%         |
|                                | Year of Ultimate Trend Rate                        |               |
|                                | Non-Medicare                                       | 2028          |
|                                | Medicare   | 2034          |
|                                | Amortization Period (years)                        | 30            |
| <b>Key Dates</b>               |  |               |
|                                | Census Date:                                       | 07/01/2021    |
|                                | Measurement Date:                                  | 06/30/2021    |

<sup>1</sup> Rates are expressed on an annual basis where applicable.

## Comments on Results

Appendix A outlines the assumptions, methods, data sources and models used in the valuation. Appendix B outlines our understanding of the principal provisions of the plan being valued.

The trend rate for non-Medicare benefits is assumed to be 6.50% in fiscal 2022 decreasing by 0.25% per year to an ultimate rate of 5.0% in fiscal 2028. For Medicare benefits, the trend rate is assumed to be 9.00% in fiscal 2022, 13.50% in fiscal 2023, 12.50% in fiscal 2024, 11.50% in fiscal 2025, 10.50% in fiscal 2026, 9.75% in fiscal 2027, 9.00% in fiscal 2028, 8.25% in fiscal 2029, 7.50% in fiscal 2030, 6.75% in fiscal 2031, 6.00% in fiscal 2032, 5.25% in fiscal 2033, then 5.00% in fiscal 2034 and after. The Medicare trend reflects the current drug plan, together with the extension of the \$0 medical premium guarantee through the end of calendar year 2022, and estimated Medicare Advantage premiums thereafter.

The claims development is based on incurred claims experience through December 31, 2020. Costs were developed from the calendar 2022 premium setting process, adjusted to the measurement date using plan trend.

The Total OPEB Liability (TOL) decreased from \$1,941.1M at June 30, 2020 to \$1,898.2M at June 30, 2021. The key influencing factors and their impact on the TOL are:

- An increase of \$67.9 million due to the passage of time; the TOL is expected to increase as employees accrue another year of service and as the time value of money is reflected in the liability, but decrease as benefits are paid throughout the year.
- An increase of \$3.6 million due to changes in the demographic data.
- A decrease of \$35.9 million due to the change in discount rate from 4.38% to 4.50%.
- A decrease of \$72.0 million due to changes in mortality assumptions.
- A decrease of \$249.2 million due to changes in claims assumptions.
- An increase of \$242.6 million due to changes in trend assumptions.

## Participant Information

Participant data used in the actuarial valuation are summarized below by the plan sponsor.

|   |                   |
|---|-------------------|
| <b>Measurement Date</b>                           | <b>06/30/2021</b> |
| <b>Census Date</b>                                | <b>07/01/2021</b> |
| <b>Active Employees</b>                           |                   |
| 1 Total   | 36,083            |
| 2 Average age                                     | 45.6              |
| <b>Participants and Spouses in Payment Status</b> |                   |
| 1 Total   | 21,634            |
| 2 Average age (participants only)                 | 70.7              |
| <b>Participants with a Deferred Benefit</b>       |                   |
| 1 Total   | 79                |
| 2 Average age                                     | 54.6              |
| <b>Disabled Participants</b>                      |                   |
| 1 Total   | 64                |
| 2 Average age                                     | 55.0              |

Note: Counts do not include spouses of disabled participants. At July 1, 2021 there were 4 spouses.

Counts do not include spouses of terminated vested employees. At July 1, 2021 there were 25 spouses.

## Section 2: Accounting Exhibits

### 2.1 Actuarially Determined Contribution

All monetary amounts shown in US Dollars

| Valuation Date                                     | 7/1/2020      |
|--|---------------|
| <b>A Actuarial Present Value (APV)</b>             |               |
| 1 Inactives – Retiree & Spouse                     | 956,265,357   |
| 2 Actives with Medical Coverage                    | 1,283,339,355 |
| 3 Other Actives                                    | 30,514,783    |
| 4 Total APV, (1)+(2)+(3)                           | 2,270,119,495 |
| <b>B Total OPEB Liability (TOL)</b>                |               |
| 1 Inactives – Retiree & Spouse                     | 956,265,357   |
| 2 Actives with Medical Coverage                    | 965,863,874   |
| 3 Other Actives                                    | 18,936,676    |
| 4 Total TOL (1)+(2)+(3)                            | 1,941,065,907 |
| <b>C Actuarially Determined Contribution (ADC)</b> |               |
| 1 Normal Cost                                      | 42,307,744    |
| 2 Amortization Payment                             | 62,585,168    |
| 3 Interest on (1) and (2)                          | 4,594,310     |
| 4 Actuarially Determined Contribution (1)+(2)+(3)  | 109,487,222   |
| <b>D Assumptions</b>                               |               |
| 1 Discount Rate                                    | 4.38%         |
| 2 Current Health Care Cost Trend Rate              |               |
| Non-Medicare                                       | 5.75%         |
| Medicare   | 10.00%        |
| 3 Ultimate Health Care Cost Trend Rate             | 5.00%         |
| 4 Year of Ultimate Trend Rate                      |               |
| Non-Medicare                                       | 2023          |
| Medicare   | 2027          |
| 5 Amortization Period (years)                      | 30            |
| 6 Census Date                                      | 07/01/2020    |

## 2.2 Supplemental Information Prepared by the Actuary

### *Schedule of Employer Contributions (in millions)*

| Fiscal Year Ended | Actuarially Determined Contribution (ADC) | Actual Contribution | Contribution Deficiency (Excess) | Percentage of ADC Contributed | Contribution as Percentage of Covered Payroll | Discount Rate (BOY) |
|-------------------|---|---------------------|----------------------------------|-------------------------------|---|---------------------|
| June 30, 2012     | \$100.8                                   | \$57.1              | \$43.7                           | 56.6%                         | 3.7%  | 6.50%               |
| June 30, 2013     | \$ 93.4                                   | \$54.0              | \$39.4                           | 57.8%                         | 3.5%  | 6.50%               |
| June 30, 2014     | \$100.1                                   | \$56.3              | \$43.8                           | 56.2%                         | 3.6%  | 6.00%               |
| June 30, 2015     | \$103.7                                   | \$62.6              | \$41.1                           | 60.4%                         | 4.0%  | 6.00%               |
| June 30, 2016     | \$ 96.6                                   | \$66.2              | \$30.4                           | 68.6%                         | 4.2%  | 6.00%               |
| June 30, 2017     | \$106.8                                   | \$67.4              | \$39.4                           | 63.1%                         | 4.2%  | 5.71%               |
| June 30, 2018     | \$113.2                                   | \$68.9              | \$44.3                           | 60.8%                         | 4.3%  | 5.71%               |
| June 30, 2019     | \$113.4                                   | \$82.6              | \$30.8                           | 72.8%                         | 5.1%  | 5.90%               |
| June 30, 2020     | \$112.1                                   | \$72.3              | \$39.8                           | 64.5%                         | 4.5%  | 5.24%               |
| June 30, 2021     | \$109.5                                   | \$74.3              | \$35.2                           | 67.9%                         | 4.3%  | 4.38%               |

The State provided benefit payments and administrative costs of \$74.3M in fiscal 2021. The Statement of Changes in Net Fiduciary Position provides more details concerning these amounts.

### *Schedule of Funding Progress*

The schedule of funding progress presents multi-year trend information comparing the actuarial value of plan assets to the actuarial accrued liability (in millions).

| Fiscal Year Ended | Actuarial Value of Assets (a) | Total OPEB Liability (TOL) <sup>1</sup> (b) | Unfunded TOL (UTOL) (b) – (a) | Funded Ratio (a) / (b) | Covered Payroll (c) | UTOL as a Percentage of Covered Payroll [(b) – (a)] / (c) | Discount Rate (BOY) |
|-------------------|-------------------------------|---|-------------------------------|------------------------|---------------------|---|---------------------|
| June 30, 2012     | \$ 83.6                       | \$1,594.5                                   | \$1,510.9                     | 5.2%                   | \$1,534.2           | 98.5%   | 6.50%               |
| June 30, 2013     | \$ 89.5                       | \$1,485.6                                   | \$1,396.1                     | 6.0%                   | \$1,552.7           | 89.9%   | 6.50%               |
| June 30, 2014     | \$102.3                       | \$1,649.5                                   | \$1,547.2                     | 6.2%                   | \$1,566.7           | 98.8%   | 6.00%               |
| June 30, 2015     | \$106.9                       | \$1,813.5                                   | \$1,706.6                     | 5.9%                   | \$1,583.7           | 107.8%  | 6.00%               |
| June 30, 2016     | \$117.0                       | \$1,730.7                                   | \$1,613.7                     | 6.8%                   | \$1,586.5           | 101.7%  | 6.00%               |
| June 30, 2017     | \$125.4                       | \$1,837.9                                   | \$1,712.5                     | 6.8%                   | \$1,609.5           | 106.4%  | 5.71%               |
| June 30, 2018     | \$129.9                       | \$1,902.1                                   | \$1,772.2                     | 6.8%                   | \$1,604.4           | 110.5%  | 5.71%               |
| June 30, 2019     | \$139.6                       | \$1,907.4                                   | \$1,767.8                     | 7.3%                   | \$1,612.0           | 109.7%  | 5.90%               |
| June 30, 2020     | \$159.9                       | \$1,908.3                                   | \$1,748.4                     | 8.4%                   | \$1,601.1           | 109.2%  | 5.24%               |
| June 30, 2021     | \$192.5                       | \$1,941.1                                   | \$1,748.6                     | 9.9%                   | \$1,724.4           | 101.4%  | 4.38%               |

## 2.3 Statement of Plan Fiduciary Net Position

All monetary amounts shown in US Dollars

| Measurement Date   | 06/30/2021  |
|--|-------------|
| <b>A Assets</b>  |             |
| 1 Cash and cash equivalents                                      | 3,701,083   |
| 2 Due from MCHCP   | 40,225,425  |
| 3 Investments  | 138,207,575 |
| <b>B Receivables</b>   |             |
| 1 Prescription drug rebates                                      | 23,227,589  |
| 2 Retiree drug subsidy   | 0           |
| 3 Other receivables  | 292,720     |
| 4 Total receivables  | 23,520,309  |
| 5 Total assets   | 205,654,392 |
| <b>C Liabilities</b>   |             |
| 1 Claims payable - IBNR  | 6,785,908   |
| 2 Deferred revenue   | 6,171,488   |
| 3 Other liabilities  | 237,174     |
| 4 Total liabilities  | 13,194,570  |
| 5 Net position, held in trust for other post-employment benefits | 192,459,822 |



## 2.4 Statement of Changes in Plan Fiduciary Net Position

All monetary amounts shown in US Dollars

| Fiscal Year  | 2021               |
|--|--------------------|
| <b>A Additions</b>   |                    |
| 1 Employer contributions                                       | 74,330,294         |
| 2 Employee contributions                                       | 43,275,109         |
| 3 Interest income  | 18,258,737         |
| 4 Retiree Drug Subsidy and other rebates                       | 53,623,533         |
| 5 Total Additions  | <u>189,487,673</u> |
| <b>B Deductions</b>  |                    |
| 1 Medical claims and capitation expense                        | 149,071,751        |
| 2 Claims administration services                               | 4,926,263          |
| 3 Administration and other                                     | 2,921,853          |
| 4 Total deductions   | <u>156,919,867</u> |
| <b>C Net Increase</b>  |                    |
| 1 Net assets held in trust for other post-employment benefits: |                    |
| a Beginning of year  | 159,892,016        |
| b End of year  | 192,459,822        |
| c Increase (b) - (a)   | <u>32,567,806</u>  |
| d Rate of return <sup>1</sup>                                  | 10.94%             |

## 2.5 Summary of Assumptions and Methods

### Required Supplementary Information – Summary of Key Actuarial Assumptions and Methods

#### Valuation Year

July 1, 2020 – June 30, 2021

#### Actuarial Cost Method

Entry age normal, level percent of pay

#### Amortization Method for Unfunded TOL

30 years, open, level percent of pay

#### Asset Valuation Method

Market value

#### Actuarial Assumptions:

Discount Rate:

|               |       |
|---------------|-------|
| June 30, 2020 | 4.38% |
| June 30, 2021 | 4.50% |

Projected payroll growth rate: 4.00%

#### Health care cost trend rate (Medical and Prescription Drugs combined)

| Fiscal Year | Medical and Rx Combined Rate<br>(Non-Medicare) | Medical and Rx Combined Rate<br>(Medicare) |
|-------------|--|--|
| 2022        | 6.50   | 9.00                                       |
| 2023        | 6.25   | 13.50                                      |
| 2024        | 6.00   | 12.50                                      |
| 2025        | 5.75   | 11.50                                      |
| 2026        | 5.50   | 10.50                                      |
| 2027        | 5.25   | 9.75                                       |
| 2028        | 5.00   | 9.00                                       |
| 2029        | 5.00   | 8.25                                       |
| 2030        | 5.00   | 7.50                                       |
| 2031        | 5.00   | 6.75                                       |
| 2032        | 5.00   | 6.00                                       |
| 2033        | 5.00   | 5.25                                       |
| 2034+       | 5.00   | 5.00                                       |

**2.6 Valuation Liabilities by Employee Group (in millions)<sup>1</sup>**

|   | Active in Health Plan | Actives Not Covered | Retirees & Dependents | Disabled | Term Vested | Total     |
|---|-----------------------|---------------------|-----------------------|----------|-------------|-----------|
| Present Value of Future Benefits          | \$1,283.4             | \$30.5              | \$944.3               | \$10.2   | \$1.7       | \$2,270.1 |
| Total OPEB Liability (TOL)                | 965.9                 | 19.0                | 944.3                 | 10.2     | 1.7         | 1,941.1   |
| Expected Net Benefit Payments             | 1.9                   | 0.1                 | 56.9                  | 0.5      | 0.0         | 59.4      |
| Normal Cost                               | 40.8                  | 1.5                 | 0.0                   | 0.0      | 0.0         | 42.3      |
| Amortization of Unfunded TOL <sup>2</sup> | 31.1                  | 0.6                 | 30.5                  | 0.3      | 0.1         | 62.6      |
| Interest                                  | 3.2                   | 0.1                 | 1.3                   | 0.0      | 0.0         | 4.6       |
| Actuarially Determined Contribution (ADC) | 75.1                  | 2.2                 | 31.8                  | 0.3      | 0.1         | 109.5     |

<sup>1</sup> Total OPEB Liability calculated at July 1, 2020 on the same basis as Section 2.1.

<sup>2</sup> Allocation by Total OPEB Liability.

## 2.7 Cashflow Projections

Based on benefit costs, retiree contributions, and assumptions shown in Appendix A, the State's expected cash costs (based on enrollments as of July 1, 2021) are projected below.

| Fiscal Year | \$ in thousands<br>Cash Cost<br>Net Cost to State |
|-------------|---|
| 2022        | 59,637  |
| 2023        | 63,176  |
| 2024        | 67,919  |
| 2025        | 72,936  |
| 2026        | 78,166  |
| 2027        | 83,292  |
| 2028        | 88,772  |
| 2029        | 93,631  |
| 2030        | 98,522  |
| 2031        | 103,509   |
| 2041        | 134,224   |
| 2051        | 138,891   |
| 2061        | 108,690   |
| 2071        | 70,269  |
| 2081        | 33,243  |
| 2091        | 9,129   |
| 2101        | 906   |

## 2.8 Change in Net OPEB Liability

| Fiscal Year Ending<br>Measurement Date                               | 06/30/2021<br>06/30/2021 |
|--|--------------------------|
| 1. Total OPEB Liability – Beginning of<br>Measurement Period:        | \$ 1,941,065,907         |
| a. Service Cost  | 42,307,744               |
| b. Interest  | 85,571,388               |
| c. Plan amendments   | 0                        |
| d. Demographic (gains) / losses                                      | 3,649,478                |
| e. Assumption changes  | (114,410,304)            |
| f. Net Benefit payments  | <u>(60,021,225)</u>      |
| g. Net change in TOL   | <u>\$ (42,902,919)</u>   |
| h. Total OPEB Liability – End of<br>Measurement Period:              | \$ 1,898,162,988         |
| 2. Fiduciary Net Position – Beginning of<br>Measurement Period:      | \$ 159,892,016           |
| a. Employer contributions  | 74,330,294               |
| b. Employee contributions  | 43,275,109               |
| c. Retiree drug subsidy and other drug rebates                       | 53,623,533               |
| d. Net investment income   | 18,258,737               |
| e. Benefit payments  | (149,071,751)            |
| f. Administrative expense  | <u>(7,848,116)</u>       |
| g. Net change in FNP   | <u>\$ 32,567,806</u>     |
| h. Fiduciary Net Position – End of<br>Measurement Period:            | \$ 192,459,822           |
| 3. Net OPEB Liability:   | \$ 1,705,703,166         |
| 4. Funded Ratio: (2)(h) / (1)(h)                                     | 10.14%                   |
| 5. Covered employees' payroll  | \$ 1,724,444,752         |
| 6. Net OPEB Liability as a percentage of covered<br>payroll: (3)/(5) | 98.91%                   |
| 7. NOL at Measurement Date - Sensitivities:                          |                          |
| a. 1% increase in Discount Rate                                      | \$ 1,442,178,866         |
| b. 1% decrease in Discount Rate                                      | \$ 2,038,866,687         |
| c. 1% increase in Trend Rates  | \$ 2,044,249,452         |
| d. 1% decrease in Trend Rates  | \$ 1,437,989,873         |

## Section 3: Participant Data

### 3.1 Summary of Participant Data

Participant data used in the actuarial valuation are summarized below by the plan sponsor.

| Measurement Date                                  | 6/30/2021 |
|---|-----------|
| Census Date                                       | 7/1/2021  |
| <b>Active Employees</b>                           |           |
| 1 Total   | 36,083    |
| 2 Average age                                     | 45.6      |
| <b>Participants and Spouses in Payment Status</b> |           |
| 1 Total   | 21,634    |
| 2 Average age (participants only)                 | 70.7      |
| <b>Participants with a Deferred Benefit</b>       |           |
| 1 Total   | 79        |
| 2 Average age                                     | 54.6      |
| <b>Disabled Participants</b>                      |           |
| 1 Total   | 64        |
| 2 Average age                                     | 55.0      |

Note: Counts do not include spouses of disabled participants. At July 1, 2021 there were 4 spouses.

Counts do not include spouses of terminated vested employees. At July 1, 2021 there were 25 spouses.

### 3.2 Age and Service Distribution of Participating Employees

| Attained Age                   | 0     | 1     | 2                       | 3     | Attained Years of Credited Service and Number |       |       |       |           |       |         |     |        |        | Total |
|--------------------------------|-------|-------|-------------------------|-------|---|-------|-------|-------|-----------|-------|---------|-----|--------|--------|-------|
|                                | 4     | 5-9   | 10-14                   | 15-19 | 20-24   | 25-29 | 30-34 | 35-39 | 40 & Over |       |         |     |        |        |       |
| Under 25                       | 923   | 436   | 225                     | 104   | 47  | 11    |       |       |           |       |         |     |        | 1,746  |       |
| 25-29                          | 703   | 581   | 543                     | 391   | 309   | 505   | 1     |       |           |       |         |     |        | 3,033  |       |
| 30-34                          | 489   | 419   | 400                     | 349   | 324   | 1,386 | 271   | 5     |           |       |         |     |        | 3,643  |       |
| 35-39                          | 363   | 308   | 324                     | 272   | 294   | 1,155 | 910   | 298   | 13        |       |         |     |        | 3,937  |       |
| 40-44                          | 265   | 267   | 249                     | 225   | 226   | 979   | 804   | 878   | 409       | 14    |         |     |        | 4,316  |       |
| 45-49                          | 245   | 220   | 229                     | 211   | 180   | 778   | 693   | 781   | 1,067     | 360   | 11      |     |        | 4,775  |       |
| 50-54                          | 242   | 222   | 230                     | 162   | 186   | 752   | 672   | 679   | 1,005     | 852   | 217     | 26  |        | 5,245  |       |
| 55-59                          | 194   | 226   | 230                     | 181   | 178   | 800   | 708   | 737   | 771       | 472   | 315     | 78  | 6      | 4,896  |       |
| 60-64                          | 126   | 124   | 140                     | 128   | 127   | 576   | 539   | 462   | 479       | 260   | 149     | 77  | 31     | 3,218  |       |
| 65-69                          | 32    | 19    | 44                      | 25    | 32  | 190   | 184   | 130   | 116       | 74    | 42      | 34  | 31     | 953    |       |
| 70 & over                      | 14    | 8     | 20                      | 19    | 7   | 39    | 57    | 56    | 38        | 22    | 16      | 11  | 14     | 321    |       |
| Total                          | 3,596 | 2,830 | 2,634                   | 2,067 | 1,910   | 7,171 | 4,839 | 4,026 | 3,898     | 2,054 | 750     | 226 | 82     | 36,083 |       |
| Average: Age                   | 45.6  |       | Number of Participants: |       |   |       |       |       |           |       | Males   |     | 12,920 |        |       |
|                                |       |       |                         |       |   |       |       |       |           |       | Females |     | 23,163 |        |       |
| Census data as of July 1, 2021 |       |       |                         |       |   |       |       |       |           |       |         |     |        |        |       |



# Appendix A: Statement of Actuarial Assumptions, Methods and Data Sources

## Plan Sponsor

State of Missouri

## Statement of Assumptions

The assumptions disclosed in this document are for the June 30, 2021 measurement date. These assumptions are used for liabilities disclosed under GASB 74.

## Economic Assumptions

### General Inflation Rate

The underlying general inflation assumption behind the discount rate assumption and the health care trend rate assumption is 3.00% per annum. This underlying rate is assumed to apply to all future years in the valuation projections.

### Discount Rate

4.50% per annum, a detailed development of the discount rate is shown in Appendix C

### Expected Return on Assets

4.50% per annum

### Municipal Bond Rate

2.16% per annum

### Compensation/Salary Increases

4.00% per annum

## Demographic and Other Assumptions

### Inclusion Date

The valuation date coincident with or next following the date on which the employee becomes a participant

### New or Rehired Employees

It was assumed there will be no new or rehired employees

### Retiree Contributions

The State pays a percentage of the premium for a designated plan and subtracts the total state subsidy from the premium cost for the plan chosen by the retiree to determine the retiree contribution amount. This percentage is 2.5% per year of service, up to a maximum of 65%. The retiree pays the remainder of the premium.

| FY 2022 |        |         |       |
|---------|--------|---------|-------|
| Pre-65  |        | Post-65 |       |
| \$      | 10,715 | \$      | 2,425 |

The above premiums are developed from the premium rates for the designated plan for the 2022 calendar year, adjusted to the measurement date using plan trend. Future premiums (and thus State and retiree contributions) are assumed to increase with the healthcare cost trend rates.

## Participation Assumptions for Plan

60% of employees currently enrolled in the program are assumed to elect postretirement health insurance coverage upon retirement.

20% of employees not currently enrolled in the program are assumed to elect postretirement health insurance coverage upon retirement.

Terminated vested employees are assumed to participate at age 60 as follows:

- 5% of those currently under age 40
- 15% of those currently between ages 40 and 49
- 60% of those currently age 50 and over

### Dependent Coverage

50% of future participating male retirees and 35% of future participating female retirees are assumed to have spouses that elect to be covered under the MCHCP plan.

## Demographic Assumptions

### Mortality

#### Healthy Mortality Rates

Base Mortality Table: Male Table used for males; Female table used for females.

- 1) Base table: Pri-2012
- 2) Base mortality table year: 2012
- 3) Table type: No Collar
- 4) Healthy or Disabled: Healthy
- 5) Table weighting: Benefit
- 6) Blending of annuitants and non-annuitants: Separate rates for annuitants and non-annuitants (based on Employees table)
- 7) Blending of retirees and contingent annuitants: Combined non-disabled annuitant mortality

Mortality Improvement Scale: Male Table used for males; Female table used for females.

- 1) Base scale: MP-2021
- 2) Projection Type: Generational

## Retirement Probabilities

It is assumed that participants will retire according to the following schedule:

| Age   | Percent assumed to retire within one year |
|-------|---|
| 48-54 | 15.0% at each age                         |
| 55-61 | 10.0% at each age                         |
| 62    | 20.0%                                     |
| 63    | 16.0%                                     |
| 64    | 17.0%                                     |
| 65-66 | 30.0% at each age                         |
| 67-69 | 25.0% at each age                         |
| 70    | 30.0%                                     |
| 71-74 | 25.0% at each age                         |
| 75    | 100.0%                                    |

## Disability Rates

None assumed.

## Representative Termination Rates (not due to disability, retirement, or mortality)

During the first five years of service, employees are assumed to terminate according to the following schedule:

| Percent assumed to terminate within one year |             |
|--|-------------|
| Service                                      | Male/Female |
| 0-1  | 50.0%       |
| 1-2  | 15.0%       |
| 2-3  | 12.0%       |
| 3-4  | 12.0%       |
| 4-5  | 12.0%       |

After five years of service, we assume withdrawal rates that vary by attained age, as presented below:

| Percent assumed to terminate within one year |             |
|--|-------------|
| Age  | Male/Female |
| 20   | 19.0%       |
| 25   | 16.9%       |
| 30   | 13.1%       |
| 35   | 9.4%        |
| 40   | 6.8%        |
| 45   | 5.1%        |
| 50   | 4.5%        |
| 55   | 3.9%        |
| 60   | 3.2%        |
| 65   | 3.0%        |

### Spouse Age Difference

Husbands are assumed to be three years older than wives for future retirees who are married.

### Trend Rates

Health care trend rates are the annual rates of increase expected for benefits payable from the Plan; these rates include Health Care Cost Trend plus the leveraging effect of Plan design.

| Fiscal Year | Medical and Rx Combined Rate<br>(Non-Medicare) | Medical and Rx Combined Rate<br>(Medicare) |
|-------------|--|--|
| 2022        | 6.50   | 9.00                                       |
| 2023        | 6.25   | 13.50                                      |
| 2024        | 6.00   | 12.50                                      |
| 2025        | 5.75   | 11.50                                      |
| 2026        | 5.50   | 10.50                                      |
| 2027        | 5.25   | 9.75                                       |
| 2028        | 5.00   | 9.00                                       |
| 2029        | 5.00   | 8.25                                       |
| 2030        | 5.00   | 7.50                                       |
| 2031        | 5.00   | 6.75                                       |
| 2032        | 5.00   | 6.00                                       |
| 2033        | 5.00   | 5.25                                       |
| 2034+       | 5.00   | 5.00                                       |

## Per Capita Claims Costs

Per capita costs for fiscal 2022 are listed below. The per capita costs are net of plan deductibles, coinsurance, and co-payments but are not reduced for retiree contributions. These costs were developed from the calendar 2022 premium setting process, adjusted to the measurement date using plan trend.

| Per Capita Cost<br>(excludes administrative expenses) |              |
|---|--------------|
| Age   | FY 2022 Cost |
| 55  | \$ 8,841     |
| 60  | 10,483       |
| 65  | 2,248        |
| 70  | 2,391        |
| 75  | 2,578        |
| 80  | 2,602        |
| 85  | 2,295        |

## Additional Assumptions

### Administrative Expenses

For fiscal 2022, we will use a starting value developed from the calendar 2022 premium setting process, adjusted to the measurement date using the general inflation assumption of 3%. Future increases will also be assumed at the general inflation rate of 3%.

For fiscal 2022, the admin expenses used are \$289 per person (apply only for non-Medicare).

### Decrement Timing

The assumptions used are collectively called rounded middle of year (rounded MOY) decrement timing. Most events are assumed to occur at the middle of the year during which eligibility condition will be met or the start/end date will occur. For death and disability decrements, the rate applied is based on the participant's rounded age (nearest integer age) at the beginning of the year, to align with the methodology generally used to create those rate tables. For retirement and withdrawal decrements, the age is generally the participant's rounded age at the middle of the year. Retiree medical claims costs are based on the nearest age at the beginning of the year, to align with how claims costs tables are typically developed.



## Timing of Benefit Payments

Benefit payments are assumed to be made uniformly throughout the year and, on average, at mid-year.

## Funding Policy

Contributions to the plan are determined by the appropriations of the Missouri state legislature. MCHCP requests funding each year equal to the actuarial determined contribution developed based on fully funding the plan's benefit liability in 30 years. For projection purposes, we have assumed approvals by appropriations are equal to the average of the prior five fiscal years, adjusted to the current and future plan years using the plan's assumption for salary inflation.

## Methods

### Census Date/Measurement Date

The measurement date is June 30, 2021. The liability valuation date is July 1, 2021. For purposes of determining benefit obligations as of the measurement date, participant data as of the census date, July 1, 2021 are used.

### Actuarial Cost Method

Entry age normal with level percentage of payroll spread.

### Asset Method

Equal to fair market value of assets.

### Benefits Not Included in Valuation

All benefits described in the Plan Provisions section of this report were valued.

## Sources of Data and Other Information

Employee data was supplied by the Missouri Consolidated Healthcare as of July 1, 2021.

### Assumptions Rationale - Significant Economic Assumptions

#### Discount rate

As required by GASB 74, the discount rate was chosen by the plan sponsor. The discount rate was determined as a blend of the plan sponsor's best estimate of the expected return on plan assets and, as required by GASB 74, the 20-year high quality municipal bond rate as of the Measurement Date. For years where expected benefit payments can be covered by projected trust assets, expected returns are used. For years where payments are not expected to be covered by trust assets, the municipal bond rate is used.

#### Expected Return on Assets

The plan sponsor selected this assumption by considering expected returns on the target asset allocation.

The target allocation and expected return by asset class are shown below:

| Asset Class            | Allocation | Expected Return |
|------------------------|------------|-----------------|
| Large cap stocks       | 18.0%      | 8.5%            |
| Mid cap stocks         | 7.0%       | 8.8%            |
| Small cap stocks       | 9.0%       | 8.8%            |
| International stocks   | 5.0%       | 8.9%            |
| BarCap Aggregate bonds | 59.0%      | 2.7%            |
| Cash equivalents       | 2.0%       | 2.2%            |

#### Rates of increase in plan administrative expenses

Administrative expenses are projected using general inflation.

#### Claims cost trend rates

Assumed increases were chosen by the plan sponsor and, as required by GASB 74, they represent an estimate of future experience, informed by an analysis of recent plan experience, leading to select and ultimate assumed trend rates. In setting near term trend rates, other pertinent statistics were considered, including surveys on general medical cost increases. In setting the ultimate trend rate, considerations included assumed GDP growth consistent with the assumed future economic conditions inherent in other economic assumptions chosen by the client at the measurement date.

After examining historical variability in trend rates, we believe that the selected assumptions do not significantly conflict with what would be reasonable based on a combination of market conditions at the measurement date and future expectations consistent with other economic assumptions used, other than the discount rate.

In addition, the Medicare trend reflects the current drug plan, together with the extension of the \$0 medical premium guarantee through the end of calendar year 2022, and estimated Medicare Advantage premiums thereafter.

**Participant contribution trend rates**

In accordance with the substantive plan communicated to participants, participant contributions are intended to remain a fixed percentage of total plan costs, and thus the trend rates, and the description of the derivation of the trend rates, are the same as for claims costs as shown above.

**Per capita claims costs**

Per capita claims costs were chosen by the plan sponsor to be the best estimate of the plan's per capita claims costs including expenses in the plan year beginning on the measurement date (with any expected changes in future years reflected in the trend rate assumption).

Per capita claims cost assumptions were developed using historical claims, and enrolment information. Raw per capitas were developed and adjusted for completion (i.e., conversion from a paid to an incurred basis), plan changes, and trend.

**EGWP Savings**

EGWP savings projections were chosen by the plan sponsor to reflect anticipated EGWP savings based on projections provided by EGWP administrator. Anticipated subsidies are included in the claims cost assumptions.

### Assumptions Rationale - Significant Demographic Assumptions

**Healthy Mortality**

Assumptions were selected by the plan sponsor and, as required by GASB74, represents a best estimate of future experience.

**Termination**

Termination rates were based on an experience study conducted in 2020, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Assumed termination rates differ by age and service because of observed differences in termination rates by service.

**Retirement**

Retirement rates were based on an experience study conducted in 2020, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

**Participation:**

- Participants

Assumed participation rates were based on an experience study conducted in 2020, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

- Covered spouses

Assumed coverage rates were based on an experience study conducted in 2020, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

**Marital Assumptions:**

- Percent married

The assumed percentage married is based on a blending of the marital status of recent retirees and of the current active population.



review of results to ensure that system parameters have been set appropriately and plan provisions coded correctly.

## **Expected Return Estimator**

The Expected Return Estimator is used to help inform the choice of an expected return assumption (e.g., as one data point to consider) for returns on the assets of the trust.

The tool depends on the capital market assumptions chosen at the starting date of the simulation. These assumptions reflect currently prevailing capital market conditions, assumed future conditions (“normative conditions”), and the transition from the current conditions to the normative ones.

The assumed normative conditions incorporate a blend of historical capital market data and future expectations. The sources consulted in the determination of normative levels include practitioners in our global actuarial and investment consulting practices, plan sponsors, investment managers, economists, and academics.

## **PUT**

The Pricing and Underwriting Tool (PUT) develops projected premium equivalent rates, employee contributions, and COBRA rates for self-insured employer health plans (medical, prescription drugs, dental, and vision). The tool develops rates by plan or in aggregate leveraging historic claims, enrollment, and plan design and administrative fee data for an employer. The model allows flexibility to incorporate plan design changes, seasonality, and multiple methods of estimating incurred claims amounts from paid claims data.

## Appendix B: Summary of Principal Other Postretirement Plan Provisions

### Plan Sponsor

State of Missouri

### Plan

Missouri Consolidated Healthcare Plan

### Plan Type

Cost-Sharing Multiple Employer Plan

### Plan Year

The twelve-month period ending June 30, 2021.

### Eligibility

A participant is eligible for coverage if, at the time of termination of state employment, the participant is eligible to receive a monthly retirement benefit from either the Missouri State Employees' Retirement System (MOSERS) or from the Public School Retirement System (PSRS) for State employment, and has met one of the following requirements:

- has had coverage through MCHCP since the effective date of the last Open Enrollment period; or
- has had other health insurance for the six months immediately prior to termination of state employment (proof of insurance required); or
- has had coverage since first eligible.

A participant who terminates employment before being eligible to receive post-retirement coverage will still be eligible upon reaching retirement age if he/she remains enrolled through MCHCP through retirement age. For valuation purposes, it is assumed that they will begin receiving benefits at their earliest eligibility date.

### **Plans Available to Retirees**

PPO 750  
PPO 1,250  
HDHP (HSA)

For 2014 and future years, the prescription drug coverage under these plans for post-Medicare retirees will be provided through an Employer Group Waiver Plan (EGWP).

For 2019 and future years, the medical coverage under these plans for post-Medicare retirees will be provided through a Medicare Advantage Plan.

### **State Contributions**

The contribution amount for a retiree is calculated using the number of full years of service as reported to MCHCP by MOSERS or PSRS times 2.5%, capped at 65% with the actual amount determined by State appropriations. Prior to January 1, 2005, the maximum is 60%.

The percentage paid by the State remains the same at Medicare eligibility.

The State pays a percentage of a designated plan and subtracts the total premium from the plan chosen by the retiree.

For retirements prior to January 1, 2002, the contribution will be the greater of the contribution based on the years of service and the amount being paid at that date. This is re-determined each year for January coverage.

### **Retiree Contributions**

Retirees pay the portion of the premium not covered by the State.

### **Change in Plan Provisions**

None.



## Appendix C: Discount Rate Development

| Missouri Consolidated Healthcare Plan |                              |                       |                         |                                     |  |                        |                |                               |                       |                        |                       |
|---------------------------------------|------------------------------|-----------------------|-------------------------|-------------------------------------|--|------------------------|----------------|-------------------------------|-----------------------|------------------------|-----------------------|
| Expected Return on Assets             |                              |                       |                         | 4.50%                               | Present Value using EROA and Muri Rate     |                        |                |                               | 2,197,672.526         |                        |                       |
| Municipal Bond Rate                   |                              |                       |                         | 2.16%                               | Present Value using Weighted Interest Rate |                        |                |                               | 2,197,672.526         |                        |                       |
| Initial Year Contribution             |                              |                       |                         | 79,100,000                          | Weighted Interest Rate                     |                        |                |                               | 4.50%                 |                        |                       |
| Year                                  | Trust Fund Beginning of Year | OPEB Cash Flows (PVB) | Administrative Expenses | Expected Co. Contributions to Trust | Net Investment Earnings                    | Trust Fund End of Year | Percent Funded | Discount Rate Applied to Year | Discounted Cash Flows | Weighted Interest Rate | Discounted Cash Flows |
| 0.5                                   | 192,459,822                  | (59,639,609)          |                         | 79,100,000                          | 9,093,733                                  | 221,013,946            | 100.00%        | 4.50%                         | 58,448,471            | 4.50%                  | 58,448,471            |
| 1.5                                   | 221,013,946                  | (63,175,776)          |                         | 78,170,610                          | 10,279,299                                 | 246,288,078            | 100.00%        | 4.50%                         | 59,247,860            | 4.50%                  | 59,247,860            |
| 2.5                                   | 246,288,078                  | (67,918,959)          |                         | 78,170,639                          | 11,311,088                                 | 267,850,846            | 100.00%        | 4.50%                         | 60,953,242            | 4.50%                  | 60,953,242            |
| 3.5                                   | 267,850,846                  | (72,935,761)          |                         | 78,426,443                          | 12,175,469                                 | 285,516,997            | 100.00%        | 4.50%                         | 62,636,865            | 4.50%                  | 62,636,865            |
| 4.5                                   | 285,516,997                  | (78,165,987)          |                         | 78,894,355                          | 12,864,473                                 | 299,109,837            | 100.00%        | 4.50%                         | 64,237,854            | 4.50%                  | 64,237,854            |
| 5.5                                   | 299,109,837                  | (83,291,801)          |                         | 79,565,926                          | 13,377,033                                 | 308,760,995            | 100.00%        | 4.50%                         | 65,502,695            | 4.50%                  | 65,502,695            |
| 6.5                                   | 308,760,995                  | (88,771,674)          |                         | 80,424,769                          | 13,708,506                                 | 314,122,596            | 100.00%        | 4.50%                         | 66,805,933            | 4.50%                  | 66,805,933            |
| 7.5                                   | 314,122,596                  | (93,631,350)          |                         | 81,459,157                          | 13,864,656                                 | 315,815,059            | 100.00%        | 4.50%                         | 67,428,829            | 4.50%                  | 67,428,829            |
| 8.5                                   | 315,815,059                  | (98,521,665)          |                         | 82,659,727                          | 13,858,711                                 | 313,811,833            | 100.00%        | 4.50%                         | 67,895,312            | 4.50%                  | 67,895,312            |
| 9.5                                   | 313,811,833                  | (103,508,943)         |                         | 84,035,306                          | 13,688,197                                 | 308,026,393            | 100.00%        | 4.50%                         | 68,260,525            | 4.50%                  | 68,260,525            |
| 10.5                                  | 308,026,393                  | (108,130,212)         |                         | 85,582,671                          | 13,359,450                                 | 298,838,303            | 100.00%        | 4.50%                         | 68,237,407            | 4.50%                  | 68,237,407            |
| 11.5                                  | 298,838,303                  | (112,275,544)         |                         | 87,284,925                          | 12,891,622                                 | 286,739,306            | 100.00%        | 4.50%                         | 67,802,286            | 4.50%                  | 67,802,286            |
| 12.5                                  | 286,739,306                  | (115,884,554)         |                         | 89,154,815                          | 12,308,468                                 | 272,318,034            | 100.00%        | 4.50%                         | 66,968,171            | 4.50%                  | 66,968,171            |
| 13.5                                  | 272,318,034                  | (119,065,088)         |                         | 91,189,095                          | 11,634,003                                 | 256,076,045            | 100.00%        | 4.50%                         | 65,843,215            | 4.50%                  | 65,843,215            |
| 14.5                                  | 256,076,045                  | (121,952,630)         |                         | 93,386,866                          | 10,887,765                                 | 238,398,046            | 100.00%        | 4.50%                         | 64,535,915            | 4.50%                  | 64,535,915            |
| 15.5                                  | 238,398,046                  | (124,524,590)         |                         | 95,755,395                          | 10,087,728                                 | 219,716,578            | 100.00%        | 4.50%                         | 63,059,298            | 4.50%                  | 63,059,298            |
| 16.5                                  | 219,716,578                  | (127,058,914)         |                         | 98,290,278                          | 9,247,074                                  | 200,195,017            | 100.00%        | 4.50%                         | 61,571,943            | 4.50%                  | 61,571,943            |
| 17.5                                  | 200,195,017                  | (129,831,258)         |                         | 101,010,699                         | 8,367,449                                  | 179,741,908            | 100.00%        | 4.50%                         | 60,206,127            | 4.50%                  | 60,206,127            |
| 18.5                                  | 179,741,908                  | (132,106,858)         |                         | 103,914,405                         | 7,461,036                                  | 159,010,491            | 100.00%        | 4.50%                         | 58,623,332            | 4.50%                  | 58,623,332            |
| 19.5                                  | 159,010,491                  | (134,224,933)         |                         | 107,001,512                         | 6,549,685                                  | 138,336,755            | 100.00%        | 4.50%                         | 56,998,318            | 4.50%                  | 56,998,318            |
| 20.5                                  | 138,336,755                  | (136,235,448)         |                         | 110,275,022                         | 5,647,472                                  | 118,023,801            | 100.00%        | 4.50%                         | 55,360,841            | 4.50%                  | 55,360,841            |
| 21.5                                  | 118,023,801                  | (137,751,348)         |                         | 113,738,248                         | 4,776,722                                  | 98,787,423             | 100.00%        | 4.50%                         | 53,566,359            | 4.50%                  | 53,566,359            |
| 22.5                                  | 98,787,423                   | (139,086,472)         |                         | 117,397,640                         | 3,962,805                                  | 81,061,395             | 100.00%        | 4.50%                         | 51,756,496            | 4.50%                  | 51,756,496            |
| 23.5                                  | 81,061,395                   | (140,201,350)         |                         | 121,262,926                         | 3,226,337                                  | 65,349,309             | 100.00%        | 4.50%                         | 49,924,748            | 4.50%                  | 49,924,748            |
| 24.5                                  | 65,349,309                   | (140,765,282)         |                         | 125,338,969                         | 2,597,446                                  | 52,520,442             | 100.00%        | 4.50%                         | 47,967,043            | 4.50%                  | 47,967,043            |
| 25.5                                  | 52,520,442                   | (141,068,952)         |                         | 129,636,729                         | 2,109,025                                  | 43,197,244             | 100.00%        | 4.50%                         | 46,000,499            | 4.50%                  | 46,000,499            |
| 26.5                                  | 43,197,244                   | (141,174,063)         |                         | 134,167,415                         | 1,787,961                                  | 37,978,557             | 100.00%        | 4.50%                         | 44,052,416            | 4.50%                  | 44,052,416            |
| 27.5                                  | 37,978,557                   | (140,829,919)         |                         | 138,941,012                         | 1,667,002                                  | 37,756,653             | 100.00%        | 4.50%                         | 42,052,658            | 4.50%                  | 42,052,658            |
| 28.5                                  | 37,756,653                   | (140,132,835)         |                         | 143,964,267                         | 1,784,308                                  | 43,372,393             | 100.00%        | 4.50%                         | 40,042,588            | 4.50%                  | 40,042,588            |
| 29.5                                  | 43,372,393                   | (138,891,448)         |                         | 149,247,836                         | 2,182,212                                  | 55,910,993             | 100.00%        | 4.50%                         | 37,978,819            | 4.50%                  | 37,978,819            |
| 30.5                                  | 55,910,993                   | (137,331,906)         |                         | 154,800,855                         | 2,904,721                                  | 76,294,663             | 100.00%        | 4.50%                         | 35,935,286            | 4.50%                  | 35,935,286            |
| 31.5                                  | 76,294,663                   | (135,436,379)         |                         | 160,629,404                         | 3,993,411                                  | 105,470,898            | 100.00%        | 4.50%                         | 33,913,244            | 4.50%                  | 33,913,244            |
| 32.5                                  | 105,470,898                  | (132,979,818)         |                         | 166,740,138                         | 5,497,439                                  | 144,728,657            | 100.00%        | 4.50%                         | 31,864,184            | 4.50%                  | 31,864,184            |
| 33.5                                  | 144,728,657                  | (130,119,081)         |                         | 173,137,950                         | 7,470,063                                  | 195,217,590            | 100.00%        | 4.50%                         | 29,836,080            | 4.50%                  | 29,836,080            |
| 34.5                                  | 195,217,590                  | (126,994,371)         |                         | 179,829,518                         | 9,960,501                                  | 258,013,238            | 100.00%        | 4.50%                         | 27,865,636            | 4.50%                  | 27,865,636            |

## Missouri Consolidated Healthcare Plan

| Expected Return on Assets |                                 | 4.50%                    |                            |   |                            |                           | Present Value using EROA and Muni Rate     |                                     | 2,197,672,526            |                           |                          |
|---------------------------|---------------------------------|--------------------------|----------------------------|---|----------------------------|---------------------------|--|-------------------------------------|--------------------------|---------------------------|--------------------------|
| Municipal Bond Rate       |                                 | 2.16%                    |                            |   |                            |                           | Present Value using Weighted Interest Rate |                                     | 2,197,672,526            |                           |                          |
| Initial Year Contribution |                                 | 79,100,000               |                            |   |                            |                           | Weighted Interest Rate                     |                                     | 4.50%                    |                           |                          |
| Year                      | Trust Fund<br>Beginning of Year | OPEB Cash<br>Flows (PVB) | Administrative<br>Expenses | Expected Co.<br>Contributions to<br>Trust | Net Investment<br>Earnings | Trust Fund End of<br>Year | Percent<br>Funded                          | Discount Rate<br>Applied to<br>Year | Discounted Cash<br>Flows | Weighted<br>Interest Rate | Discounted<br>Cash Flows |
| 35.5                      | 258,013,238                     | (123,580,158)            |                            | 186,824,153                               | 13,017,927                 | 334,275,161               | 100.00%                                    | 4.50%                               | 25,948,780               | 4.50%                     | 25,948,780               |
| 36.5                      | 334,275,161                     | (120,105,652)            |                            | 194,130,031                               | 16,689,603                 | 424,989,143               | 100.00%                                    | 4.50%                               | 24,133,225               | 4.50%                     | 24,133,225               |
| 37.5                      | 424,989,143                     | (116,463,482)            |                            | 201,755,791                               | 21,022,471                 | 531,303,924               | 100.00%                                    | 4.50%                               | 22,393,676               | 4.50%                     | 22,393,676               |
| 38.5                      | 531,303,924                     | (112,545,968)            |                            | 209,710,559                               | 26,070,823                 | 654,539,338               | 100.00%                                    | 4.50%                               | 20,708,530               | 4.50%                     | 20,708,530               |
| 39.5                      | 654,539,338                     | (108,690,186)            |                            | 218,004,561                               | 31,886,779                 | 795,740,493               | 100.00%                                    | 4.50%                               | 19,137,860               | 4.50%                     | 19,137,860               |
| 40.5                      | 795,740,493                     | (104,814,595)            |                            | 226,648,777                               | 38,519,427                 | 956,094,102               | 100.00%                                    | 4.50%                               | 17,660,724               | 4.50%                     | 17,660,724               |
| 41.5                      | 956,094,102                     | (100,925,506)            |                            | 235,654,490                               | 46,022,280                 | 1,136,845,366             | 100.00%                                    | 4.50%                               | 16,273,141               | 4.50%                     | 16,273,141               |
| 42.5                      | 1,136,845,366                   | (97,055,176)             |                            | 245,033,597                               | 54,450,919                 | 1,339,274,706             | 100.00%                                    | 4.50%                               | 14,975,208               | 4.50%                     | 14,975,208               |
| 43.5                      | 1,339,274,706                   | (93,214,233)             |                            | 254,798,832                               | 63,863,009                 | 1,564,722,315             | 100.00%                                    | 4.50%                               | 13,763,222               | 4.50%                     | 13,763,222               |
| 44.5                      | 1,564,722,315                   | (89,405,194)             |                            | 264,963,636                               | 74,319,103                 | 1,814,599,860             | 100.00%                                    | 4.50%                               | 12,632,355               | 4.50%                     | 12,632,355               |
| 45.5                      | 1,814,599,860                   | (85,623,892)             |                            | 275,542,227                               | 85,883,135                 | 2,090,401,330             | 100.00%                                    | 4.50%                               | 11,577,113               | 4.50%                     | 11,577,113               |
| 46.5                      | 2,090,401,330                   | (81,836,518)             |                            | 286,549,574                               | 98,623,420                 | 2,393,737,806             | 100.00%                                    | 4.50%                               | 10,588,542               | 4.50%                     | 10,588,542               |
| 47.5                      | 2,393,737,806                   | (78,011,349)             |                            | 298,001,426                               | 112,613,512                | 2,726,341,395             | 100.00%                                    | 4.50%                               | 9,658,963                | 4.50%                     | 9,658,963                |
| 48.5                      | 2,726,341,395                   | (74,147,622)             |                            | 309,914,302                               | 127,931,741                | 3,080,039,816             | 100.00%                                    | 4.50%                               | 8,785,240                | 4.50%                     | 8,785,240                |
| 49.5                      | 3,080,039,816                   | (70,268,524)             |                            | 322,305,865                               | 144,660,231                | 3,486,737,388             | 100.00%                                    | 4.50%                               | 7,967,113                | 4.50%                     | 7,967,113                |
| 50.5                      | 3,486,737,388                   | (66,375,642)             |                            | 335,194,718                               | 162,885,056                | 3,918,441,520             | 100.00%                                    | 4.50%                               | 7,201,659                | 4.50%                     | 7,201,659                |
| 51.5                      | 3,918,441,520                   | (62,469,106)             |                            | 348,600,340                               | 182,696,979                | 4,387,269,734             | 100.00%                                    | 4.50%                               | 6,485,939                | 4.50%                     | 6,485,939                |
| 52.5                      | 4,387,269,734                   | (58,568,201)             |                            | 362,543,074                               | 204,191,313                | 4,895,435,920             | 100.00%                                    | 4.50%                               | 5,819,064                | 4.50%                     | 5,819,064                |
| 53.5                      | 4,895,435,920                   | (54,698,754)             |                            | 377,044,096                               | 227,467,579                | 5,445,248,841             | 100.00%                                    | 4.50%                               | 5,200,587                | 4.50%                     | 5,200,587                |
| 54.5                      | 5,445,248,841                   | (50,888,427)             |                            | 392,125,505                               | 252,629,547                | 6,039,115,466             | 100.00%                                    | 4.50%                               | 4,629,965                | 4.50%                     | 4,629,965                |
| 55.5                      | 6,039,115,466                   | (47,152,502)             |                            | 407,810,378                               | 279,785,705                | 6,679,559,047             | 100.00%                                    | 4.50%                               | 4,105,321                | 4.50%                     | 4,105,321                |
| 56.5                      | 6,679,559,047                   | (43,504,404)             |                            | 424,122,754                               | 309,049,835                | 7,369,227,231             | 100.00%                                    | 4.50%                               | 3,624,594                | 4.50%                     | 3,624,594                |
| 57.5                      | 7,369,227,231                   | (39,958,696)             |                            | 441,087,659                               | 340,541,314                | 8,110,897,508             | 100.00%                                    | 4.50%                               | 3,185,819                | 4.50%                     | 3,185,819                |
| 58.5                      | 8,110,897,508                   | (36,531,171)             |                            | 458,731,166                               | 374,385,357                | 8,907,482,860             | 100.00%                                    | 4.50%                               | 2,787,129                | 4.50%                     | 2,787,129                |
| 59.5                      | 8,907,482,860                   | (33,242,951)             |                            | 477,080,412                               | 410,713,184                | 9,762,033,506             | 100.00%                                    | 4.50%                               | 2,427,039                | 4.50%                     | 2,427,039                |
| 60.5                      | 9,762,033,506                   | (30,097,255)             |                            | 496,163,629                               | 449,662,610                | 10,677,762,490            | 100.00%                                    | 4.50%                               | 2,102,751                | 4.50%                     | 2,102,751                |
| 61.5                      | 10,677,762,490                  | (27,102,275)             |                            | 516,010,174                               | 491,378,694                | 11,658,049,083            | 100.00%                                    | 4.50%                               | 1,811,967                | 4.50%                     | 1,811,967                |
| 62.5                      | 11,658,049,083                  | (24,265,753)             |                            | 536,650,581                               | 536,014,009                | 12,706,447,920            | 100.00%                                    | 4.50%                               | 1,552,466                | 4.50%                     | 1,552,466                |
| 63.5                      | 12,706,447,920                  | (21,592,875)             |                            | 558,116,604                               | 583,729,105                | 13,826,700,755            | 100.00%                                    | 4.50%                               | 1,321,973                | 4.50%                     | 1,321,973                |
| 64.5                      | 13,826,700,755                  | (19,086,841)             |                            | 580,441,268                               | 634,693,026                | 15,022,748,208            | 100.00%                                    | 4.50%                               | 1,118,227                | 4.50%                     | 1,118,227                |
| 65.5                      | 15,022,748,208                  | (16,750,042)             |                            | 603,658,919                               | 689,083,809                | 16,298,740,895            | 100.00%                                    | 4.50%                               | 939,064                  | 4.50%                     | 939,064                  |
| 66.5                      | 16,298,740,895                  | (14,583,886)             |                            | 627,805,276                               | 747,088,997                | 17,659,051,281            | 100.00%                                    | 4.50%                               | 782,414                  | 4.50%                     | 782,414                  |
| 67.5                      | 17,659,051,281                  | (12,590,822)             |                            | 652,917,487                               | 808,906,122                | 19,108,284,069            | 100.00%                                    | 4.50%                               | 646,399                  | 4.50%                     | 646,399                  |
| 68.5                      | 19,108,284,069                  | (10,772,262)             |                            | 679,034,187                               | 874,743,225                | 20,651,289,218            | 100.00%                                    | 4.50%                               | 529,222                  | 4.50%                     | 529,222                  |
| 69.5                      | 20,651,289,218                  | (9,129,501)              |                            | 706,195,554                               | 944,819,440                | 22,283,175,712            | 100.00%                                    | 4.50%                               | 429,155                  | 4.50%                     | 429,155                  |
| 70.5                      | 22,283,175,712                  | (7,657,280)              |                            | 734,443,376                               | 1,019,365,653              | 24,039,327,461            | 100.00%                                    | 4.50%                               | 344,487                  | 4.50%                     | 344,487                  |
| 71.5                      | 24,039,327,461                  | (6,354,594)              |                            | 763,821,111                               | 1,098,625,195              | 25,895,419,174            | 100.00%                                    | 4.50%                               | 273,571                  | 4.50%                     | 273,571                  |
| 72.5                      | 25,895,419,174                  | (5,214,354)              |                            | 794,373,956                               | 1,182,854,570              | 27,867,433,346            | 100.00%                                    | 4.50%                               | 214,816                  | 4.50%                     | 214,816                  |
| 73.5                      | 27,867,433,346                  | (4,228,321)              |                            | 826,148,914                               | 1,272,324,219              | 29,961,678,157            | 100.00%                                    | 4.50%                               | 166,693                  | 4.50%                     | 166,693                  |
| 74.5                      | 29,961,678,157                  | (3,386,410)              |                            | 859,194,870                               | 1,367,319,322              | 32,184,805,940            | 100.00%                                    | 4.50%                               | 127,753                  | 4.50%                     | 127,753                  |
| 75.5                      | 32,184,805,940                  | (2,677,042)              |                            | 893,562,665                               | 1,468,140,624              | 34,543,832,187            | 100.00%                                    | 4.50%                               | 96,643                   | 4.50%                     | 96,643                   |
| 76.5                      | 34,543,832,187                  | (2,087,587)              |                            | 929,305,172                               | 1,575,105,279              | 37,046,155,050            | 100.00%                                    | 4.50%                               | 72,118                   | 4.50%                     | 72,118                   |
| 77.5                      | 37,046,155,050                  | (1,604,827)              |                            | 966,477,379                               | 1,688,547,722              | 39,699,575,324            | 100.00%                                    | 4.50%                               | 53,053                   | 4.50%                     | 53,053                   |
| 78.5                      | 39,699,575,324                  | (1,215,381)              |                            | 1,005,136,474                             | 1,808,820,558              | 42,512,316,975            | 100.00%                                    | 4.50%                               | 38,449                   | 4.50%                     | 38,449                   |

## Appendix D: Glossary

### **Actuarial Present Value**

The value, as of the valuation date, of amounts payable or receivable thereafter, with each amount adjusted to reflect (a) the time value of money (through discounts for interest) and (b) the probability of payment (to reflect death, disability or termination of employment) between the valuation date and the expected date of payment.

### **Actuarially Determined Contribution (ADC)**

The plan's normal cost plus an amortization of its unfunded actuarial accrued liability.

### **Discount Rate**

The rate used to reflect the time value of money. The discount rate is used in determining the present value as of the valuation date of future cash flows currently expected to be required to satisfy the post-employment benefit obligation.

### **Gain or Loss**

A change in the value of either the actuarial accrued liability or plan assets resulting from experience different from that assumed or from a change in an actuarial assumption.

### **Health Care Cost Trend Rates**

An assumption about the annual rate(s) of change in the cost of health care benefits currently provided by the post-employment benefit plan, due to factors other than changes in the composition of the plan population by age and dependency status, for each year from the valuation date until the end of the period in which benefits are expected to be paid. The health care cost trend rates implicitly consider estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances, and changes in the health status of the plan participants. Differing types of services, such as hospital care and dental care, may have different trend rates.

### **Net OPEB Liability**

The difference between the Total OPEB Liability and the Net Fiduciary Position.

**Normal Cost/Service Cost**

The portion of the expected post-employment benefit obligation attributed to employee service during the year immediately following the valuation date.

**Total OPEB Liability**

The actuarial present value of benefits attributed to employee service rendered prior to the valuation date.

# Statistical



## OVERVIEW

The statistical section presents detailed information as a compliment to the financial statements, notes to the financial statements, and required supplementary information regarding MCHCP's financial health and results.

Historical Data: Revenues by Source - Depicts by revenue category MCHCP's internal service fund revenues for the most recent 10 fiscal years.

Historical Data: Expenses by Type - Depicts by expense category MCHCP's internal service fund expenses for the most recent 10 fiscal years.

Distribution of Claims Payments - Provides by percentage and type of claim payment for state membership for fiscal year 2021.

Healthcare Options by Year & Total Lives - Graphs state membership by type of healthcare option for the most recent 10 fiscal years.

Statement of Revenues, Expenses & Changes in Net Position - Schedules financial information for the Internal Service fund for the most recent 10 fiscal years.

Statement of Change in Fiduciary Net Position - Schedules financial information for the SRWBT for the most recent 10 fiscal years.

Schedule of Net Position by Component - Depicts the net position of the Internal Service fund by type for the most recent 10 fiscal years.

Full-Time Employees - Charts the full-time employees of MCHCP by department for the most recent 10 fiscal years.

Paid Claims Distribution by Individual - Graphs claims expenditures for state members by net pay by percent of membership for fiscal year 2021.

State Membership Enrolled in MCHCP - Depicts state membership subscriber and dependent enrollment by age, gender and type of enrollment for fiscal year 2021.

Enrollment History - Presents state membership enrollment by type and total for the most recent 10 fiscal years.

Enrollment Distribution - Presents state membership as split between active/cobra versus those in retiree status for the most recent 10 fiscal years.

Public Entity Membership Enrolled in MCHCP - Depicts public entity subscriber and dependent enrollment by age, gender and type of enrollment for fiscal year 2021.

Enrollment History - Presents public entity membership enrollment by type and total for the most recent 10 fiscal years.

Enrollment Distribution - Presents public entity membership as split between active/cobra versus those in retiree status for the most recent 10 fiscal years.

Plan Demographics - Graphically presents State and Public Entity Membership for fiscal year 2021 by total lives, average age, and percentage of gender.

Principal Participating Employers - Illustrates employer rank by percentage of covered employees within MCHCP for the SRWBT.

Average Benefit Payment - Depicts benefit payment information by average participant and the corresponding amount per participant for the SRWBT.

## Historical Data: Revenues by Source

Internal Service Fund, ten years ended June 30, 2021

| <b>Fiscal Year</b> | State/Employer Contributions | Member Contributions | Public Entity Income | Pharmacy Rebates & Subsidy | Total Operating Revenues | Investment & Other Income |
|--------------------|------------------------------|----------------------|----------------------|----------------------------|--------------------------|---------------------------|
| 2021               | \$437,336,186                | \$74,012,245         | \$8,150,024          | \$32,607,229               | \$552,105,684            | \$433,361                 |
| 2020               | \$401,388,126                | \$74,873,802         | \$7,423,514          | \$31,653,218               | \$515,338,660            | \$1,103,352               |
| 2019               | 400,006,662                  | 76,138,619           | 7,870,921            | 31,161,964                 | 515,178,166              | 1,171,090                 |
| 2018               | 334,208,126                  | 80,156,169           | 7,559,037            | 24,832,110                 | 446,755,442              | 1,222,021                 |
| 2017               | 328,917,283                  | 80,960,318           | 7,468,778            | 17,365,478                 | 434,711,857              | 893,977                   |
| 2016               | 324,857,578                  | 83,815,598           | 7,904,470            | 13,500,867                 | 430,078,513              | 1,173,043                 |
| 2015               | 324,630,770                  | 83,734,256           | 8,063,991            | 5,689,731                  | 422,118,748              | 735,595                   |
| 2014               | 314,696,927                  | 87,402,560           | 8,234,207            | 7,684,071                  | 418,017,765              | 877,940                   |
| 2013               | 316,307,501                  | 90,793,617           | 8,215,776            | 4,256,453                  | 419,573,347              | 436,909                   |
| 2012               | 319,804,444                  | 89,797,753           | 8,492,621            | 5,375,360                  | 423,470,178              | 853,463                   |

## Historical Data: Expenses by Type

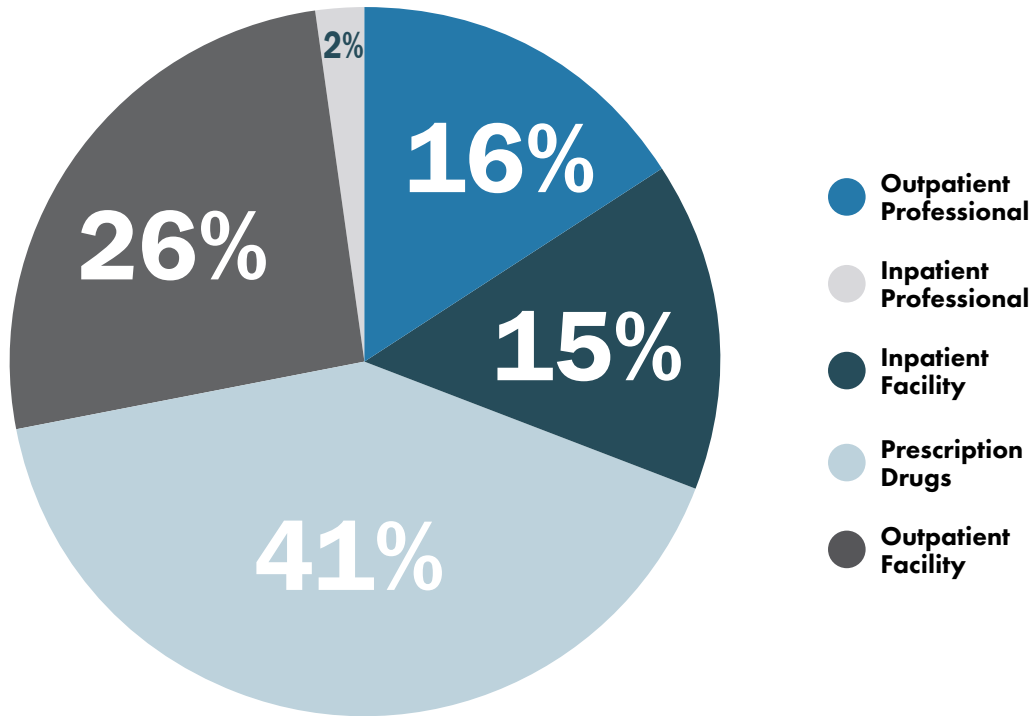
Internal Service Fund, ten years ended June 30, 2021

| <b>Fiscal Year</b> | Medical Claims/Capitation & Health Administrative Services | Administration & Payroll | Other        | Total Operating Expenses & Fees |
|--------------------|--|--------------------------|--------------|---------------------------------|
|                    |  |                          |              |                                 |
| 2021               | \$450,588,922  | \$4,666,054              | \$11,360,288 | \$466,615,264                   |
| 2020               | \$439,515,651  | \$4,731,207              | \$10,903,086 | \$455,149,944                   |
| 2019               | 499,070,275  | 4,330,944                | 1,185,609    | 504,586,828                     |
| 2018               | 525,142,217  | 4,460,726                | 1,206,145    | 530,809,088                     |
| 2017               | 474,453,616  | 4,317,715                | 1,488,309    | 480,259,640                     |
| 2016               | 452,409,305  | 3,846,601                | 1,644,070    | 457,899,976                     |
| 2015               | 420,740,454  | 3,998,457                | 1,846,818    | 426,585,729                     |
| 2014               | 399,793,666  | 3,966,917                | 1,961,783    | 405,722,366                     |
| 2013               | 384,588,353  | 3,983,962                | 1,805,563    | 390,377,878                     |
| 2012               | 381,291,864  | 3,885,557                | 2,097,573    | 387,274,994                     |



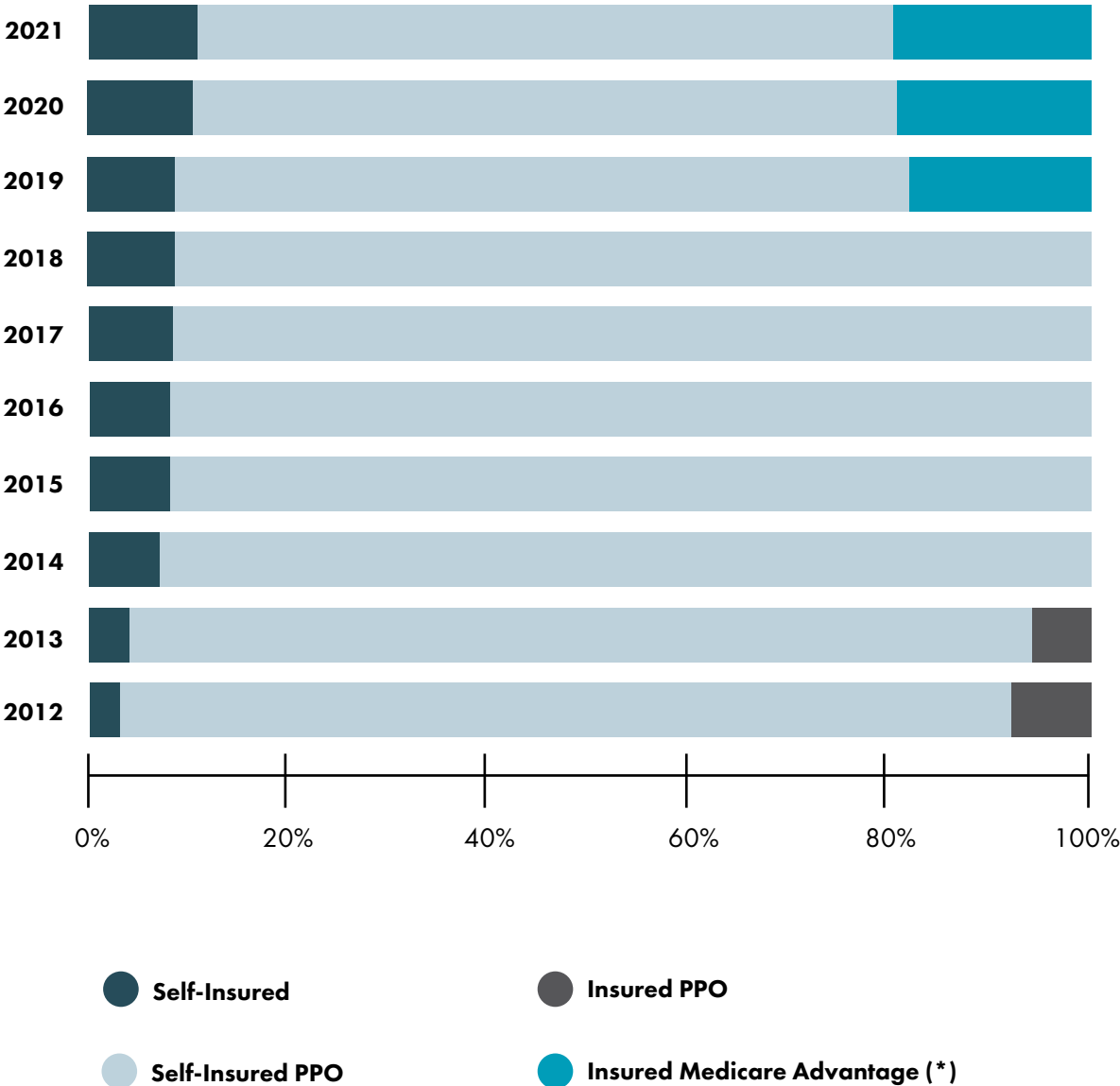
## Distribution of Claim Payments

State Membership, Fiscal Year 2021



# Healthcare Options by Year & Total Lives

State Membership, ten years ended June 30, 2021



(\*) Rx for Medicare Advantage Members is self-insured







# Statement of Revenues, Expenses & Changes in Net Position

Internal Service Fund, ten years ended June 30, 2021

| Fiscal Year Ending                                 | 2021                 | 2020                 | 2019                 | 2018                  |
|--|----------------------|----------------------|----------------------|-----------------------|
| <b>Operating Revenues</b>                          |                      |                      |                      |                       |
| State/employer contributions                       | \$437,336,186        | \$401,388,126        | \$400,006,661        | \$334,208,126         |
| Member contributions                               | 74,012,245           | 74,873,802           | 76,138,619           | 80,156,169            |
| Public entity contributions                        | 8,150,024            | 7,423,514            | 7,870,921            | 7,559,037             |
| Pharmacy rebates                                   | 32,607,229           | 31,653,218           | 31,161,964           | 24,832,110            |
| <b>Total Operating Revenues</b>                    | <b>\$552,105,684</b> | <b>\$515,338,660</b> | <b>\$515,178,165</b> | <b>\$446,755,442</b>  |
| <b>Operating Expenses</b>                          |                      |                      |                      |                       |
| Medical claims & capitation expense                | \$450,588,922        | \$439,515,651        | \$489,424,668        | \$514,367,757         |
| Claims administration services                     | 10,589,411           | 9,937,642            | 9,655,047            | 10,768,757            |
| Payroll and related benefits                       | 3,436,317            | 3,837,791            | 3,682,752            | 3,620,926             |
| Health management                                  | (44,522)             | 3,838                | (9,440)              | 5,703                 |
| Administration                                     | 931,138              | 893,416              | 648,192              | 775,553               |
| Professional services                              | 700,784              | 520,595              | 653,477              | 733,700               |
| Employee Assistance Program                        | 413,214              | 441,011              | 455,356              | 472,445               |
| Depreciation                                       |                      |                      | 76,776               | 64,247                |
| <b>Total Operating Expenses</b>                    | <b>\$466,615,264</b> | <b>\$455,149,944</b> | <b>\$504,586,828</b> | <b>\$530,809,088</b>  |
| Operating revenues over (under) operating expenses | 85,490,420           | 60,188,716           | 10,591,337           | (84,053,646)          |
| <b>Nonoperating Revenues</b>                       |                      |                      |                      |                       |
| Investment and other income                        | \$433,361            | \$1,103,352          | \$1,171,090          | \$1,222,021           |
| <b>Net Position</b>                                |                      |                      |                      |                       |
| Change in net position                             | \$85,923,781         | \$61,292,068         | \$11,762,427         | (\$82,831,625)        |
| Net position, beginning of year, adjusted          | 52,668,436           | (8,623,632)          | (20,386,059)         | 62,445,566            |
| <b>Net Position, End of Year</b>                   | <b>\$138,592,217</b> | <b>\$52,668,436</b>  | <b>(\$8,623,632)</b> | <b>(\$20,386,059)</b> |

| 2017                 | 2016                 | 2015                 | 2014                 | 2013                 | 2012                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$327,233,709        | \$324,857,578        | \$324,630,770        | \$314,696,927        | \$316,307,501        | \$319,804,444        |
| 80,960,318           | 83,815,598           | 83,734,256           | 87,402,560           | 90,793,617           | 89,797,753           |
| 7,468,778            | 7,904,470            | 8,063,991            | 8,234,207            | 8,215,776            | 8,492,621            |
| 17,365,478           | 13,500,867           | 5,689,731            | 7,684,071            | 4,256,453            | 5,375,360            |
| <b>\$433,028,283</b> | <b>\$430,078,513</b> | <b>\$422,118,748</b> | <b>\$418,017,765</b> | <b>\$419,573,347</b> | <b>\$423,470,178</b> |
| \$462,217,654        | \$437,471,527        | \$403,830,055        | \$384,618,997        | \$372,475,046        | \$369,224,125        |
| 11,445,426           | 13,218,054           | 15,639,455           | 13,852,877           | 10,806,319           | 10,715,326           |
| 3,580,771            | 3,192,904            | 3,171,205            | 3,256,596            | 2,956,116            | 2,995,419            |
| 790,536              | 1,719,724            | 1,270,944            | 1,321,792            | 1,306,988            | 1,352,413            |
| 736,944              | 740,609              | 827,252              | 710,321              | 893,425              | 755,431              |
| 862,896              | 962,817              | 1,132,123            | 1,239,582            | 1,219,526            | 1,410,821            |
| 536,566              | 594,341              | 598,961              | 578,534              | 586,037              | 686,752              |
| 88,847               |                      | 115,734              | 143,667              | 134,421              | 134,707              |
| <b>\$480,259,640</b> | <b>\$457,899,976</b> | <b>\$426,585,729</b> | <b>\$405,722,366</b> | <b>\$390,377,878</b> | <b>\$387,274,994</b> |
| (47,231,357)         | (27,821,463)         | (4,466,981)          | 12,295,399           | 29,195,469           | 36,195,184           |
| \$893,977            | \$1,173,043          | \$735,595            | \$877,940            | \$436,909            | \$853,463            |
| (\$46,337,380)       | (\$26,648,420)       | (\$3,731,386)        | \$13,173,339         | \$29,632,378         | \$37,048,647         |
| 108,782,946          | 135,431,366          | 139,162,752          | 130,428,285          | 100,795,907          | 63,747,260           |
| <b>\$62,445,566</b>  | <b>\$108,782,946</b> | <b>\$135,431,366</b> | <b>\$143,601,624</b> | <b>\$130,428,285</b> | <b>\$100,795,907</b> |

## Statement of Change in Fiduciary Net Position

State Retiree Welfare Benefit Trust, for the ten fiscal years ended June 30, 2021

| <b>Additions</b>                            | 2021                 | 2020                 | 2019                 | 2018                 |
|---|----------------------|----------------------|----------------------|----------------------|
| Employer contributions                      | \$74,330,294         | \$72,338,734         | \$82,619,621         | \$68,901,880         |
| Retiree contributions                       | 43,275,109           | 43,318,278           | 51,242,143           | 53,157,242           |
| Investment income                           | 18,258,737           | 2,754,934            | 6,208,661            | 4,679,311            |
| Retiree drug subsidy & other rebates        | 53,623,533           | 48,172,196           | 41,544,557           | 35,501,734           |
| <b>Total Additions</b>                      | <b>\$189,487,673</b> | <b>\$166,584,142</b> | <b>\$181,614,982</b> | <b>\$162,240,167</b> |
| <b>Deductions</b>                           |                      |                      |                      |                      |
| Medical claims & capitation expense         | \$149,071,751        | \$138,933,653        | \$165,126,632        | \$150,606,550        |
| Claims administration services              | 4,926,263            | 4,412,024            | 4,128,891            | 4,389,802            |
| Administration & other                      | 2,921,853            | 2,896,632            | 2,743,447            | 2,752,187            |
| <b>Total Deductions</b>                     | <b>\$156,919,867</b> | <b>\$146,242,309</b> | <b>\$171,998,970</b> | <b>\$157,748,539</b> |
| <b>Net Increase</b>                         | <b>32,567,806</b>    | <b>20,341,833</b>    | <b>9,616,012</b>     | <b>4,491,628</b>     |
| <b>Net Position Restricted for Pensions</b> |                      |                      |                      |                      |
| Beginning of Year                           | 159,892,016          | 139,550,183          | 129,934,171          | 125,442,543          |
| <b>End of Year</b>                          | <b>\$192,459,822</b> | <b>\$159,892,016</b> | <b>\$139,550,183</b> | <b>\$129,934,171</b> |

| 2017          | 2016          | 2015          | 2014          | 2013          | 2012          |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$67,398,726  | \$66,199,740  | \$62,585,666  | \$56,314,655  | \$54,005,719  | \$57,090,104  |
| 52,169,890    | 51,446,647    | 50,343,105    | 50,921,465    | 51,217,932    | 50,832,210    |
| 7,838,782     | 2,275,792     | 4,003,656     | 11,790,754    | 6,882,517     | 3,491,526     |
| 30,514,297    | 29,696,367    | 14,865,605    | 6,849,482     | 7,083,186     | 8,276,097     |
| \$157,921,695 | \$149,618,546 | \$131,798,032 | \$125,876,356 | \$119,189,354 | \$119,689,937 |
| \$142,154,216 | \$131,451,967 | \$118,668,233 | \$105,340,449 | \$106,638,547 | \$109,968,530 |
| 4,325,639     | 4,892,410     | 5,865,488     | 5,110,073     | 3,996,858     | 3,764,844     |
| 2,984,613     | 3,193,562     | 2,632,026     | 2,681,689     | 2,624,738     | 2,577,353     |
| \$149,464,468 | \$139,537,939 | \$127,165,747 | \$113,132,211 | \$113,260,143 | \$116,310,727 |
| 8,457,227     | 10,080,607    | 4,632,285     | 12,744,145    | 5,929,211     | 3,379,210     |
| 116,985,316   | 106,904,709   | 102,272,424   | 89,528,279    | 83,599,068    | 80,219,858    |
| \$125,442,543 | \$116,985,316 | \$106,904,709 | \$102,272,424 | \$89,528,279  | \$83,599,068  |



## Schedule of Net Position by Component

Internal Service Fund, ten years ended June 30, 2021

| <b>Net Position</b> | Net investments in capital assets | Unrestricted         | Total net position   |
|---------------------|-----------------------------------|----------------------|----------------------|
| 2021                | <b>\$378,160</b>                  | <b>\$138,214,058</b> | <b>\$138,592,218</b> |
| 2020                | <b>\$177,984</b>                  | <b>\$52,490,453</b>  | <b>\$52,668,437</b>  |
| 2019                | <b>220,086</b>                    | <b>(8,843,718)</b>   | <b>(8,623,632)</b>   |
| 2018                | <b>287,155</b>                    | <b>(20,673,214)</b>  | <b>(20,386,059)</b>  |
| 2017                | <b>283,032</b>                    | <b>62,162,534</b>    | <b>62,445,566</b>    |
| 2016                | <b>221,396</b>                    | <b>108,561,550</b>   | <b>108,782,946</b>   |
| 2015                | <b>304,082</b>                    | <b>135,127,283</b>   | <b>135,431,365</b>   |
| 2014                | <b>250,090</b>                    | <b>143,351,534</b>   | <b>143,601,624</b>   |
| 2013                | <b>262,720</b>                    | <b>130,165,565</b>   | <b>130,428,285</b>   |
| 2012                | <b>256,281</b>                    | <b>100,539,626</b>   | <b>100,795,907</b>   |

## Full-Time Employees

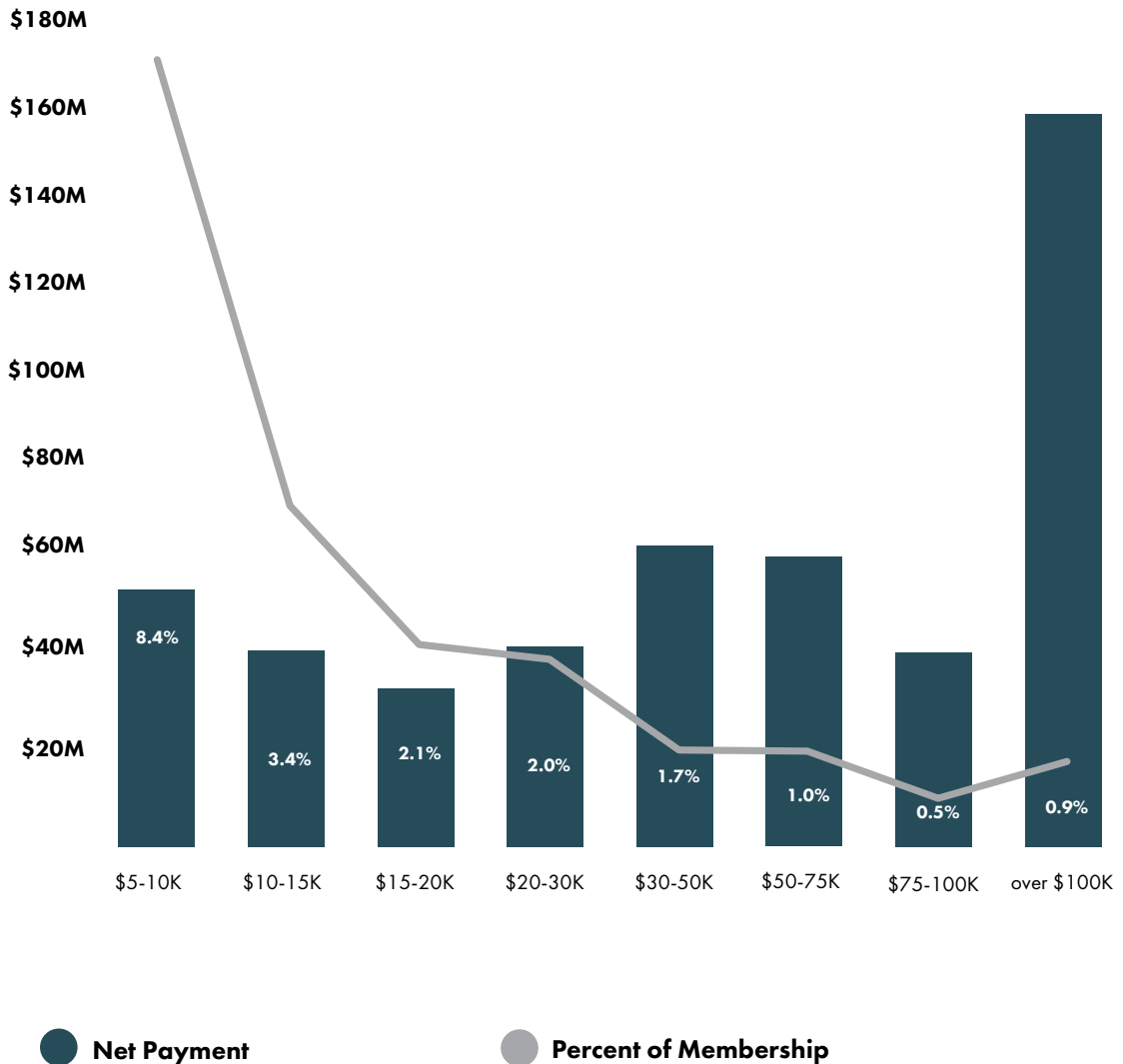
Missouri Consolidated Health Care Plan, ten years ended June 30, 2021

| <b>Department</b>          | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         | 2012         |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Executive & Administration | <b>2.00</b>  | <b>2.00</b>  | <b>2.00</b>  | <b>2.00</b>  | <b>2.00</b>  | <b>2.00</b>  | <b>2.00</b>  | <b>2.00</b>  | <b>2.00</b>  | <b>5.00</b>  |
| Operations                 | <b>45.54</b> | <b>41.8</b>  | <b>44.11</b> | <b>44.75</b> | <b>46.58</b> | <b>48.54</b> | <b>50.00</b> | <b>50.97</b> | <b>48.10</b> | <b>46.59</b> |
| General Counsel            | <b>1.00</b>  | <b>2.00</b>  | <b>1.00</b>  | <b>1.00</b>  | <b>1.00</b>  | <b>1.20</b>  | <b>2.00</b>  | <b>2.50</b>  | <b>1.50</b>  | <b>2.00</b>  |
| Internal Audit             | <b>0.00</b>  | <b>3.66</b>  | <b>3.00</b>  | <b>3.00</b>  | <b>3.00</b>  | <b>3.00</b>  | <b>3.00</b>  | <b>4.00</b>  | <b>4.00</b>  | <b>3.00</b>  |
| Human Resources            | <b>.83</b>   | <b>0.42</b>  | <b>1.00</b>  | <b>1.00</b>  | <b>1.00</b>  | <b>1.00</b>  | <b>1.00</b>  | <b>1.00</b>  | <b>0.53</b>  | <b>1.00</b>  |
| Finance                    | <b>3.00</b>  | <b>4.00</b>  | <b>4.00</b>  | <b>4.91</b>  | <b>5.92</b>  | <b>6.00</b>  | <b>6.00</b>  | <b>6.00</b>  | <b>6.00</b>  | <b>6.00</b>  |
| <b>Totals</b>              | <b>52.37</b> | <b>53.88</b> | <b>55.11</b> | <b>56.66</b> | <b>59.5</b>  | <b>61.74</b> | <b>64.00</b> | <b>66.47</b> | <b>62.13</b> | <b>63.59</b> |

Source: Missouri Consolidated Health Care Budget Documents

## Paid Claims Distribution by Individual

State Members Fiscal Year 2021



*80.0% of membership accumulated \$0-\$5K in claims and accounted for \$69.6 million in cost*

## State Membership Enrolled in MCHCP

Subscribers & Dependents as of June 30, 2021

| Age                    | Active        |                          | Retiree       |                   | COBRA     |                      | Disabled  |                          | Survivors  |                     | Vested    |           | Total         |
|------------------------|---------------|--------------------------|---------------|-------------------|-----------|----------------------|-----------|--------------------------|------------|---------------------|-----------|-----------|---------------|
|                        | Female        | Male                     | Female        | Male              | Female    | Male                 | Female    | Male                     | Female     | Male                | Female    | Male      |               |
| < 1                    | 294           | 302                      | 1             | 0                 | 0         | 3                    | 0         | 0                        | 0          | 0                   | 0         | 0         | 600           |
| 1 - 10                 | 3,822         | 4,027                    | 9             | 14                | 3         | 5                    | 0         | 0                        | 1          | 5                   | 5         | 4         | 7,895         |
| 11 - 19                | 4,971         | 5,284                    | 121           | 104               | 4         | 2                    | 2         | 2                        | 9          | 10                  | 12        | 4         | 10,525        |
| 20 - 24                | 3,360         | 3,087                    | 217           | 194               | 3         | 4                    | 0         | 0                        | 17         | 9                   | 7         | 7         | 6,905         |
| 25 - 29                | 2,307         | 1,601                    | 43            | 57                | 12        | 6                    | 1         | 0                        | 5          | 2                   | 1         | 2         | 4,037         |
| 30 - 34                | 2,416         | 1,557                    | 5             | 10                | 3         | 4                    | 0         | 0                        | 0          | 1                   | 1         | 0         | 3,997         |
| 35 - 39                | 2,721         | 1,713                    | 6             | 14                | 3         | 1                    | 0         | 1                        | 2          | 2                   | 4         | 3         | 4,470         |
| 40 - 44                | 3,050         | 1,850                    | 1             | 5                 | 0         | 3                    | 4         | 1                        | 1          | 2                   | 5         | 2         | 4,924         |
| 45 - 49                | 3,375         | 2,080                    | 22            | 13                | 2         | 0                    | 5         | 3                        | 0          | 1                   | 5         | 3         | 5,509         |
| 50 - 54                | 3,684         | 2,298                    | 274           | 130               | 9         | 4                    | 9         | 11                       | 7          | 0                   | 15        | 12        | 6,453         |
| 55 - 59                | 3,505         | 2,307                    | 1,139         | 584               | 4         | 3                    | 9         | 8                        | 10         | 6                   | 13        | 9         | 7,597         |
| 60 - 64                | 2,310         | 1,749                    | 2,291         | 1,204             | 12        | 5                    | 11        | 1                        | 29         | 13                  | 7         | 8         | 7,640         |
| 65 - 69                | 630           | 647                      | 2,944         | 1,806             | 0         | 0                    | 4         | 1                        | 74         | 19                  | 1         | 1         | 6,127         |
| 70 - 74                | 143           | 167                      | 2,738         | 1,813             | 0         | 0                    | 0         | 0                        | 131        | 40                  | 0         | 1         | 5,033         |
| 75 - 79                | 18            | 45                       | 1,561         | 1,117             | 0         | 0                    | 0         | 0                        | 133        | 35                  | 0         | 0         | 2,909         |
| 80 +                   | 3             | 5                        | 1,862         | 1,015             | 0         | 0                    | 0         | 0                        | 377        | 90                  | 1         | 1         | 3,354         |
| <b>Total</b>           | <b>36,609</b> | <b>28,719</b>            | <b>13,234</b> | <b>8,080</b>      | <b>55</b> | <b>40</b>            | <b>45</b> | <b>28</b>                | <b>796</b> | <b>235</b>          | <b>77</b> | <b>57</b> | <b>87,975</b> |
| Total Active<br>65,328 |               | Total Retirees<br>21,314 |               | Total COBRA<br>95 |           | Total Disabled<br>73 |           | Total Survivors<br>1,031 |            | Total Vested<br>134 |           |           |               |

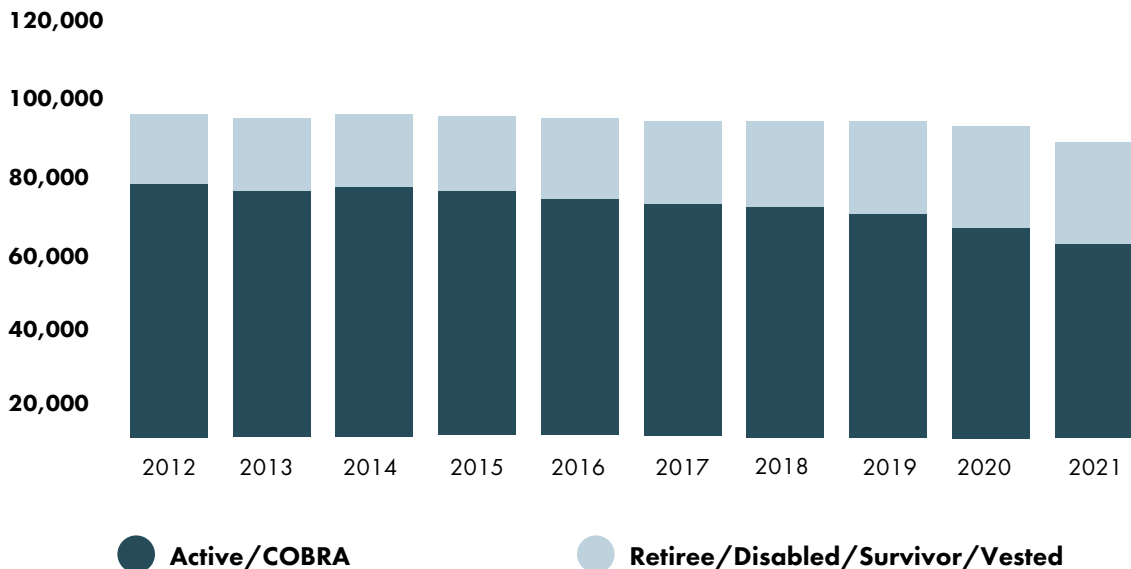
## Enrollment History

State Membership, ten years ended June 30, 2021

| Year | Active | Retiree | COBRA | Disabled | Survivors | Vested | Total  |
|------|--------|---------|-------|----------|-----------|--------|--------|
| 2012 | 77,069 | 17,937  | 65    | 221      | 867       | 169    | 96,328 |
| 2013 | 76,288 | 18,361  | 111   | 205      | 847       | 171    | 95,983 |
| 2014 | 76,713 | 18,630  | 65    | 167      | 855       | 159    | 96,589 |
| 2015 | 75,808 | 19,100  | 59    | 136      | 893       | 142    | 96,138 |
| 2016 | 74,761 | 19,534  | 49    | 133      | 909       | 141    | 95,527 |
| 2017 | 74,094 | 20,077  | 81    | 121      | 927       | 128    | 95,428 |
| 2018 | 73,536 | 20,492  | 85    | 90       | 941       | 130    | 95,274 |
| 2019 | 71,059 | 20,859  | 91    | 98       | 964       | 146    | 93,217 |
| 2020 | 69,658 | 21,067  | 62    | 75       | 986       | 128    | 91,976 |
| 2021 | 65,328 | 21,314  | 95    | 73       | 1,031     | 134    | 87,975 |

## Enrollment Distribution

State Membership, ten years ended June 30, 2021



## Public Entity Membership Enrolled in MCHCP

Subscribers & Dependents as of June 30, 2021

| Age                   | Active     |                     | Retiree  |                  | COBRA    |          | Total        |
|-----------------------|------------|---------------------|----------|------------------|----------|----------|--------------|
|                       | Female     | Male                | Female   | Male             | Female   | Male     |              |
| <1                    | 1          | 4                   |          |                  |          |          | 5            |
| 1-10                  | 38         | 33                  | 0        | 0                | 0        | 0        | 71           |
| 11-19                 | 37         | 46                  | 1        | 0                | 0        | 0        | 84           |
| 20-24                 | 42         | 44                  | 0        | 0                | 1        | 0        | 87           |
| 25-29                 | 49         | 51                  | 0        | 0                | 0        | 0        | 100          |
| 30-34                 | 45         | 46                  | 0        | 0                | 0        | 0        | 91           |
| 35-39                 | 58         | 45                  | 0        | 0                | 0        | 0        | 103          |
| 40-44                 | 57         | 29                  | 0        | 0                | 0        | 0        | 86           |
| 45-49                 | 67         | 30                  | 0        | 0                | 2        | 0        | 99           |
| 50-54                 | 77         | 47                  | 0        | 0                | 0        | 0        | 124          |
| 55-59                 | 91         | 49                  | 1        | 0                | 0        | 0        | 141          |
| 60-64                 | 79         | 41                  | 0        | 0                | 4        | 0        | 124          |
| 65-69                 | 20         | 11                  | 0        | 0                | 0        | 0        | 31           |
| 70-74                 | 9          | 5                   | 0        | 0                | 0        | 0        | 14           |
| 75-79                 | 1          | 2                   | 0        | 0                | 0        | 0        | 3            |
| 80+                   | 0          | 0                   | 0        | 0                | 0        | 0        | 0            |
| <b>Total</b>          | <b>671</b> | <b>483</b>          | <b>2</b> | <b>0</b>         | <b>7</b> | <b>0</b> | <b>1,163</b> |
| Total Active<br>1,154 |            | Total Retirees<br>2 |          | Total COBRA<br>7 |          |          |              |

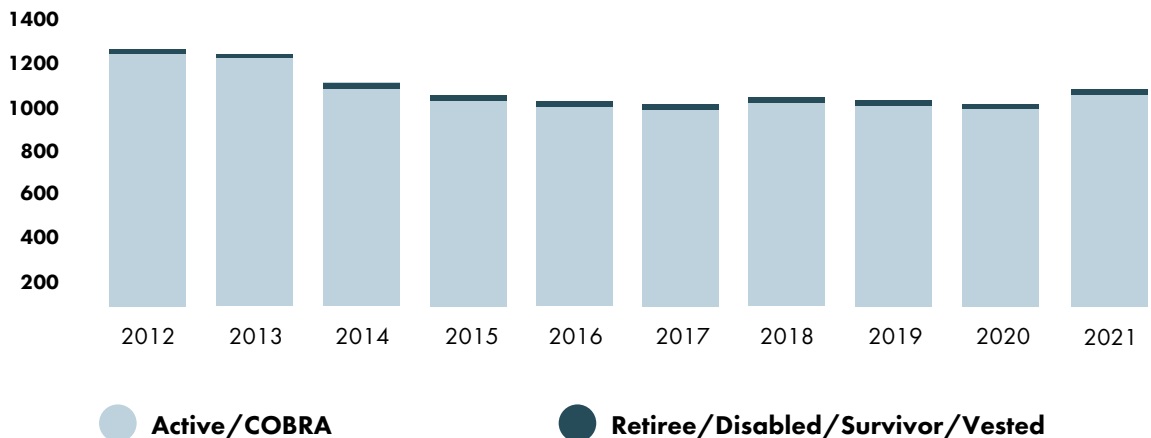
## Enrollment History

Public Entity Membership, ten years ended June 30, 2021

| Year | Active | Retiree | COBRA | Total |
|------|--------|---------|-------|-------|
| 2012 | 1,277  | 10      | 9     | 1,296 |
| 2013 | 1,244  | 9       | 9     | 1,262 |
| 2014 | 1,197  | 14      | 2     | 1,213 |
| 2015 | 1,115  | 12      | 4     | 1,131 |
| 2016 | 1,056  | 14      | 8     | 1,078 |
| 2017 | 1,003  | 5       | 8     | 1,016 |
| 2018 | 1,038  | 4       | 5     | 1,047 |
| 2019 | 1,019  | 4       | 5     | 1,028 |
| 2020 | 963    | 3       | 7     | 973   |
| 2021 | 1,154  | 2       | 7     | 1,163 |

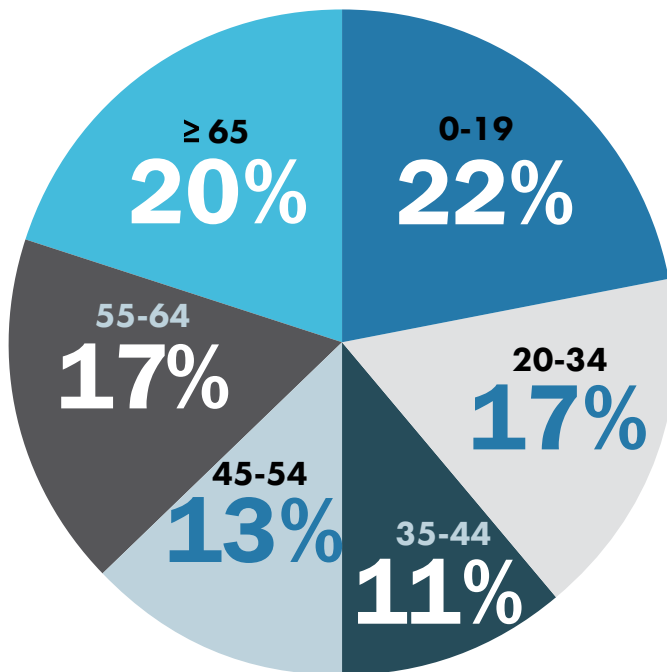
## Enrollment Distribution

Public Entity Membership, ten years ended June 30, 2021



## Plan Demographics

State Membership, Fiscal Year 2021



Total Lives

**87,975**

Average Age

**43**  
years



**42%**

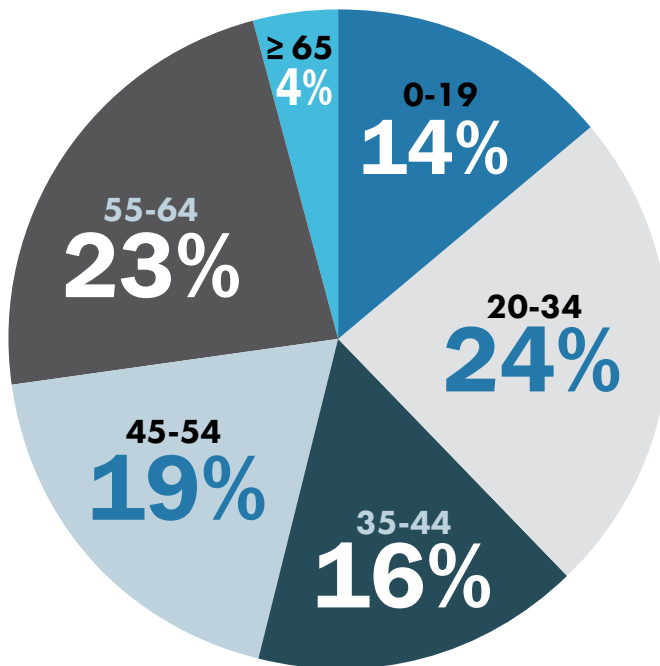


**58%**



## Plan Demographics

Public Entity Membership, Fiscal Year 2021



Total Lives

**1,163**

Average Age

**40**  
years



**42%**



**58%**

## Principal Participating Employers

### State Retiree Welfare Benefit Trust

| Employers by Participating Employer Ranking | Covered Employees | Rank | Percentage of Total System |
|---|-------------------|------|----------------------------|
| State                                       | 16,719            | 1    | 100.0%                     |
| All Other Groups (1)                        | 1                 | 2    | 0.0%                       |
| <b>Total</b>                                | <b>16,720</b>     |      | <b>100.0%</b>              |

(1) All Other Groups include Public Entities that have elected to join MCHCP. Chart will eventually include current year and nine years ago.

## Average Benefit Payment

### State Retiree Welfare Benefit Trust

#### 2021

|                                 |             |
|---------------------------------|-------------|
| Average Benefit Per Participant | \$19,324    |
| Benefit Payments                | 302,300,687 |
| Average Participants            | 16,575      |

#### 2020

|                                 |             |
|---------------------------------|-------------|
| Average Benefit Per Participant | \$18,404    |
| Benefit Payments                | 302,762,860 |
| Average Participants            | 16,451      |

#### 2019

|                                 |             |
|---------------------------------|-------------|
| Average Benefit Per Participant | \$20,933    |
| Benefit Payments                | 340,532,953 |
| Average Participants            | 16,268      |

#### 2018

|                                 |             |
|---------------------------------|-------------|
| Average Benefit Per Participant | \$19,295    |
| Benefit Payments                | 308,167,406 |
| Average Participants            | 15,971      |

#### 2017

|                                 |             |
|---------------------------------|-------------|
| Average Benefit Per Participant | \$18,658    |
| Benefit Payments                | 292,237,129 |
| Average Participants            | 15,663      |

Average Benefit Payment table represents available data from 2017-2021.



